The Association for Diplomatic Studies and Training Foreign Affairs Oral History ProjectInformation Series

STEPHEN F. DACHI

Interviewed by: Charles Stuart Kennedy

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Q: Today is May 30, 1997. This is an interview with Stephen F. Dachi. This is being done on behalf of the Association for Diplomatic Studies and Training. I am Charles Stuart Kennedy.

To begin at the beginning, could you tell me when and where you werborn and something about your family?

DACHI: I was born in 1933 in Hungary. My father was a dentist. My mother was a physician. They both died when I was three years old in 1936, before the war. My grandparents "inherited me." They happened to live in Romania. So, I went there just before the Germans marched into Austria, which is my first memory of arriving in Timisoara to live with my grandparents. Then I spent World War II there with them trying to survive. After the war, in 1948, an uncle and aunt who had gone to Canada before the war brought me out there.

Q: During the war, what went on then in Romania, particularly as a Hungarian? There was a massive change of borders and everything else at that time. Did you get caught in that?

DACHI: Very definitely, both that and the Holocaust. It has always been hell for Hungarians living in Romania. Kids would curse and harass us if they overheard us speaking Hungarian in the street. They used to throw stones at me when I came out of the house to walk to school. Romanian teachers would make us stand in front of the class, ask impossible questions and taunt, ridicule or slap us around in front of classmates. There was nothing terribly subtle about any of it. Our landlord in the three-unit house we lived in had a heavily reinforced bomb shelter in the basement, but during the nightly air raids we were not allowed in there and had to seek shelter in a crudely dug ditch covered with plywood in the back yard instead.

I was not Jewish, but there were lots of non-Jewish people getting caught up in the holocaust too. First of all, German troops came through there periodically on the way east and would randomly round up people who would disappear and never be heard from again. My grandparents were so worried about it that, even though they had a young grandchild, they had a cyanide capsule on their night table every night. They told me that they would be glad to raise me, but they were not going to allow themselves to be taken away alive. They were ready to take that capsule if that dreaded knock on the door came in the middle of the night. So, those were some of the factors that made life perilous.

Then, of course, there was the war itself. The allies were bombing the Ploesti oil fields in Romania a few hundred miles to the east of us and we were on the flight path.. Also, there were a lot of overflights to airdrop supplies to Tito, who was head of the Yugoslav Partisans. So, one of my most vivid memories from the war is having to get up almost every night in the middle of the night when the sirens blew and running down into that shelter in the backyard, even though those were just overflights. We weren't actually bombed until later.

Our house finally was hit by a bomb in 1944, so we lived sort of a gypsy life for a while after that. Then the so-called Soviet liberators arrived. In 1944, I was 11 years old. At that time Romania had already been taken over by the Soviet troops, but the German army still held all of Hungary and the decisive siege of Budapest hadn't taken place yet. My grandparents had acquired a Romanian passport, but I was still a Hungarian citizen. Q: What were your grandparents' profession?

DACHI: My grandfather had a printing shop. My grandmother was bustaking care of the house and raising me.

Sometime in early 1944, a Russian soldier came to the house one day and announced that he was taking me away because I was ostensibly an enemy alien. I remember him telling my grandmother to give me a heavy coat because I was going away somewhere where it was cold. She wouldn't give me a coat because she thought the soldier wouldn't take me if I didn't have a coat. Wrong. I was taken to a police station with a bunch of other people who had been rounded up, many of whom I knew. As we huddled there on the floor a German bombing raid began, and we found ourselves in the epicenter of it. Bombs were dropping literally all around us. The walls were crumbling. Everybody was hiding under a table or someplace. I was only 11 years old. I saw the grillwork on a window bend apart from the pressure of a bomb blast. Being too young to way the risks, I decided to try and escape. So, I climbed out the window and ran down the street. Craters were opening up all around me as more bombs kept falling. Somehow, I managed to reach a synagogue where I was taken in and sheltered by a rabbi.

While the Germans were there, a lot of Romanians protected Jews. So, many Jews were now anxious to pay back the favor. The rabbi hid me out for a few days. No one I saw in that police station ever was seen alive again. Afterwards, I went back home swearing that they would never find me or take me again. We always had an escape path charted out in case a soldier came through the front door again. But none ever did. Even now, more than fifty years later, when I go to a restaurant I sit with my back against the wall facing the door, subconsciously I suppose ready to make an escape through the kitchen if the need arose. So, there were lots of dangerous and deadly moments.

Q: You were in Romania in 1948. Did you run afoul of the Soviets aall again? How was school at that point?

DACHI: Well, from the end of the war until about 1947, roughly two years, not unlike some other East European countries, there was sort of a not fully Soviet dominated transitional regime. King Michael, for example, was still briefly there on his throne. A socialist politician by the name of Petru Groza became Prime Minister, heading what was called a communist-front regime. Shortly thereafter, the Soviets took over total control and the two top communist, Moscow-installed puppet leaders were Ana Pauker and Ion Luca. I remember having to go from school with all my schoolmates as a little Red Pioneer and march in parades chanting slogans for communism and carrying portraits of Marx, Engels, Lenin, and Stalin.

About that time, my uncle and aunt got us immigrant visas to Canada. We spent nine or ten months going through the process of having to pay all the bribes and getting all the papers so we could get out. Luckily, there were still enough bureaucrats left over from the old days so you could do that. You had to have a certificate attesting from some local authority that you were without any visible means of support. You had to prove that you had no assets at all in order to qualify for a passport. An inspector came to the house. He looked around and saw our furniture and said, "That's nice furniture." We said, "Well, consider that a gift." He said, "Oh, thank you very much." He proceeded to identify everything else we had by way of possessions. Then, he said, "Considering that as a gift, you really don't have anything, so you qualify for an exit permit." My grandfather had saved dollar bills under the mattress through the war. We managed to keep those out of sight. So, we just had these dollar bills. As long as they lasted, we were going to be okay. As we ran out of them, there was nothing left.

We couldn't get out and travel together because my grandmother had a Romanian passport and mine was Hungarian. (My grandfather died of natural causes the year before). The lengthy and complicated processes to obtain exit visas were different for the two nationalities, and the timing of the two could not be coordinated. And, once you got that coveted exit visa, you only had about two-three weeks to get out before it expired. So, I traveled alone to Canada. My grandmother couldn't get her papers in order at the same time.

Our case was further complicated by the fact that there was no Canadian Embassy in Romania. We had to present ourselves in Rome to receive the immigrant visa and that required another cumbersome process of obtaining an Italian transit visa in Bucharest during that narrow window while the exit visa was valid. To make matters even harder, there was only an occasional ship leaving Romania via the Black Sea, there were no airline flights and going by train would have required another couple of transit visas, an impossible task in the time available.

I was lucky to get the Italian visa. Better still, there was an old cruise ship that happened to be leaving for Naples from Constanta, which is Romania's port on the Black Sea. It was leaving at about the right time. I somehow managed to get a ticket and get on that ship. I had to travel by myself, and my grandmother stayed behind. (She was able to follow me about three months later). There were maybe 15 passengers on that ship that had room for 300. That goes to show you how few people were still managing to leave the country by then. I got off the ship iNaples.

Q: How did you get to Canada? How did you get a visa from thCanadians?

DACHI: My uncle and aunt in Vancouver, British Columbia, were able to get one of those refugee or displaced person visas for us, but you had to go to Rome or someplace where they had a Canadian embassy to pass a physical. I had had tuberculosis when I was a child. We were kind of worried about that, but when I got to Rome they issued me the visa.

My uncle had a friend in Italy, a business associate, who picked me up in Naples and looked after me in Rome for about a month until I got all the Canadian requirements satisfied. Then I was one of the early air travelers on a TWA Constellation flying from Rome to Gander, Newfoundland, a territory which did not join Canada until the following year. That is as far as those planes could fly in those days, via Zurich, Switzerland and Shannon, Ireland, the big jumping off point to North America back then.

From Gander, I took another plane to Montreal. Another friend picked me up there and put me on a train to Vancouver. I had lots of strange little things happen to me, not speaking English. On the train, the porter was supposed to look after me. He was a kindly man. Every evening, he would come by and give me a banana. I had never seen a banana before. I didn't know what to do with it. I couldn't bite through the skin. It seemed awfully chewy. So, as soon as he would disappear, I would throw it out the window. That was just one of several funny experiences I had.

Q: Did you speak any English?

DACHI: No, I didn't. I grew up multi-lingual, first of all because, there was a tradition in our family that the men always spoke Hungarian to their children and the women spoke German. So, they raised you bilingual. Then, of course, we lived in Romania, so German, Hungarian, and Romanian were the first three. Then you go to school and pretty soon you're taking Latin and French and then, later, Russian. So, I had all of that in school and before school. But not English.

Q: So you did the whole nine yards. You were about 15 by the timyou went to Canada?

DACHI: Yes. I arrived there when I was 15. By then, I had picked up a little rudimentary English. My uncle believed in the total immersion method for learning English. He said, "Just go to school." They thrust me into the sophomore year at a regular public high school the week after I got there. Needless to say, not speaking English, I was totally at sea. In Romania, I had gone to this Catholic, Piarist Order school. The academic standards there were a lot stricter and higher. As far as subject matter was concerned, I didn't learn anything new in Vancouver for at least three years. The problem was the language. The first semester, I took Latin and French, so there would be at least two courses I could pass. By the second semester, I was able to pass math. In the second year, I started getting the hang of it and passed the other courses where you had to know English.

My uncle was a successful self-made businessman and didn't have much patience with education. He said, "Now that you have the language, you have to get caught up, you have to move faster." So, I started simultaneously going to night school. In Canada you can do that for the senior year in high school and the first year of college, which they call grade 13. I went to both day and night school and I would take government exams for the night courses. In the end, I finished the equivalent of my first year in college while still in my senior year in high school, finishing up the whole thing one year earlier than I would have graduated from high school normally. I was ready to start out as a sophomore in college.

Q: Where did you go to college?

DACHI: I wanted to go to college, but my uncle felt that that was a waste of time, because people who had "real world" skills should go directly into business, not college. I still wanted to go to college, so I told him that I wanted to be a dentist. I said, "That takes less time than medicine, and dentists earn good money right away. If you lend me the money, I will pay you back within three years of graduation." So, I chose my college path based on what I thought were the only grounds on which my uncle would lend me the money to go to college.So, I went to the University of British Columbia for one year. In those days you could apply for dental school with only two years of pre-dental. They preferred a B.A., but because of the pressures from my uncle I didn't have that option. I was 18 years old and I was half way through my first year at the university when I applied to the University of Oregon Dental School. I went down there for an interview and the man said, "Well, your grades are all pretty good, but you're just a child. You're only 18 years old and you have to be mature to go to professional school. I don't see what grounds you have for seeking admission at 18." I told him the story of my life during the war, the Russians, the Germans, and, that all of that time, I was taking care of my grandparents, too, who were pretty old. After he heard that story, he said, "Well, I guess you have some compensatory real life education there." So, I was accepted. As a result, I was barely 23 years old when I became a doctor of dental medicine.

Q: You went through the University of Oregon Dental School?

DACHI: Right. I only went to college one year. I already had some credits from high school. I went to college one year and then went to dental school. In 1956, I was finished. I was a dentist.

Q: Where did you start doing dentistry?

DACHI: As I was going through dental school, it was apparent that this was not the thing for me. I wasn't terribly attracted to it. So, I had already started to look for ways to move on. Instead of going into dental practice, I applied for a one-year hospital internship, which is required for physicians, but very unusual for dentists. I got accepted to an internship at the Albert Einstein Medical Center in Philadelphia and spent a year there. After that, I was still looking for a way to prolong my studies. In the meantime, my uncle was pressuring me to pay him back. I managed to slip out from under that. I got an American Cancer Society fellowship to study for a year at the University of Pennsylvania Graduate School of Medicine. I studied pathology. After that, I ended up at the Indiana University Medical Center in Indianapolis, where I got a graduate degree in pathology and biochemistry. By 1961, after five years of being a professional graduate student, I had repaid about half of what I had borrowed. My uncle realized that he was never going to get paid back in full. He was a very wealthy man. He called me over and said, "All right, I'm getting old and making out my latest will. You don't have to pay me back the rest of what you owe, but you're getting nothing more from my will." I said, "Fine. Thank you very much." He left several million dollars to everybody else. I got nothing, but that was fine with me. He helped me get my education, which was worth just as much to me or more.

Then in 1961, after having gone to school all these years, a colleague I had met at the University of Pennsylvania was named dean of what was going to be a brand new University of Kentucky Medical Center with a medical school and dental school in Lexington. He recruited me to be one of four colleagues to join him in being the founders of the College of Dentistry. We started out in a corn field and went about the task of building a new university medical center and dental school. We were all in our late 20s or early 30s. In 1961, I was 28 years old. The first day, we went into a little room about the size of the one we're in now. The five of us starting talking about how you set up a new, in our case, college of dentistry. This was really a crucial part of my life. This dean was saying that the way to start something new was not to see what everyone else had done over the previous 60 years and copy it, but to develop a totally new concept or vision for the future.

The question was, what was health care delivery likely to be by the end of the century. We obviously had no way of imagining exactly what we now in 1997 are seeing. Nevertheless, we tried to define the mentality of the health care professional and his responsibilities toward the community 40 or 50 years down the road, as far as we were able to visualize it. Then we asked ourselves what kind of an educational environment we would have to create in order to foster that kind of mentality, the basic parts of which are that life is a process of continuous learning, that there is no such thing as terminal education, that if you think you have all the answers, it's because you have failed to keep up with all the questions, concepts that today are much more common than they were back then. Nowadays you hear them at commencement addresses 600 times a year. In those days, they were quite innovative. But, they were true then and are still true now.

So, we basically set up a radically innovative curriculum in which we introduced concepts like interdisciplinary teaching, a lot of teaching of health care in the community instead of within the walls of the university, things that today are well accepted. We were truly pioneers in the idea of training health care personnel for community service. In the meantime, we built... It sounds funny to say we built a $27 million medical center. At that time, that was a lavishly rich thing. We got it equipped. We recruited the faculty and the first class of students who started the program. One of the jobs I had was director of continuing education for dentists in a state where there were no continuing education courses available up to that point.

In spite of a lot of skepticism from others in the establishment about doing all that curriculum innovation and risk not getting the school accredited, we put it into practice and encountered remarkably few problems with it. We devised a program that became a real beacon of new ideas and, most importantly, was the first step that got us away from the idea that a dentist or a doctor lives in the cocoon of his private office, only takes care of people who can afford to seek him out, gets paid, gets rich and lives happily ever after. We said that there is a community, there are all the other needy people, there is public health, public education, prevention, and they are all integral parts of a health professional's responsibility. We were wrestling with how you formally inculcate this professional with a social consciousness and service to the community as a whole. We managed to find the way to do it.

So, that attracted a lot of attention. Not surprisingly, much of the interest came from developing countries in Latin America and Asia. They had always looked at the United States as a place that took care of the people who had money and could afford to get the finest technical health care in the world. But they felt with some justification that there was no concern about public health, about the community, about the poor, etc. So, since we had consciously, deliberately, structured the program for that very purpose, there was tremendous interest in the developing world. Through the Pan American Health Organization, we started getting a stream of delegations of foreign visitors, deans and professors, to look at what we were doing. There were only a few of us there, although by that time, we had a somewhat larger faculty.

I was the guy who spoke all these languages. So, the dean asked me to sort of become the host and guide for all the foreign delegations. After a while, the traffic got so bad that I had to develop a whole pre-recorded program for foreigners so that they wouldn't all want to interview every faculty member in person. That would have taken up too much of their time. One of our colleagues was a pioneer in audio visual educational technology, as it was called at the time. (The term media was born later). We put everybody on tape so that a visitor could come in and spend a few days getting acquainted with everybody and everything we were doing in an audio visual center, and then just make appointments with human beings for the follow-up questions. I was in charge of that. I was hosting them. I was bringing in some foreign ambassadors from Washington also, to give speeches and internationalize the thing. We were capitalizing on something that we didn't realize at the beginning that we were even getting into.

These things led to my becoming a consultant to the Pan American Health Organization. For example, I was one of the consultants for the founding of a new school of dentistry in Panama. I also consulted in Colombia. I had a Fulbright professorship in Ecuador one summer. I spent one summer on the hospital ship "Hope" in Guinea. I traveled through Africa. Strange as it may seem, this complex of things that I'm describing here gradually led me to the Foreign Service through a growing interest in international affairs.

Q: Was the United States sort of the place where medical people went, not just people getting treatment, but doctors, professional people in the medical world during this period? We're talking about the 1960s.

DACHI: The United States was and still is, I am speaking here of dentistry, the unquestioned leader in the world, particularly on the technical side. It no longer is, but it was somewhat behind at that time in both the biological side and the social, humanistic side. So, people who came here back then came because they were wanting to learn how to do better gold caps and better porcelain caps, or better dentures. They did not look to the United States for solutions for their societies and communities, for how to devise a better health care system because there wasn't much emphasis here on care for those who couldn't afford it on a private basis.

Q: You were at the University of Kentucky, in the heart of Appalachia, which was a prime concern for the Kennedy and Johnson administrations. I suppose that a state university would look towards this kind of health care much more than a place such as New York where they may have had the same problems off somewhere else, but they were immersed in the big city atmosphere and money. I would think there would be a different outlook.

DACHI: Absolutely, but this is sort of a chicken and egg thing. The situation there demanded this kind of approach, but it wasn't mandated to us. We were the ones who came to the conclusion that the situation called for it. We set out to create it because we felt that this was important for the United States, for Kentucky and to the health care profession. The Governor of Kentucky at the time, Albert B. "Happy" Chandler, who became famous for a variety of reasons, including being commissioner of baseball, gave us the charter for this school. He said, "Kentucky is 47th in education in this country. I am going to give you guys everything you need to make Kentucky number one. I am not going to tell you what to do. I just want us to go from the worst to the best and you're going to get everything you need to get there." He was as good as his word. That university for about eight years got absolutely premium support. We were able to put our thinking and plans into effect virtually unimpeded by any budgetary or other political constraints.

Q: How did this metamorphosis from a dental practitioner/administrator into the Foreign Service occur? We've got you getting all sorts of exposure, but there is a certain point where you have to jump into the pool.

DACHI: Right. The effective turn came in 1965 when I went to Guinea on the hospital ship. I was there for two months as a volunteer on that ship.

Q: For the record, the hospital ship Hope is a ship that would anchor off various underdeveloped places with volunteer doctors and do some work, but mainly it was more teaching.

DACHI: We had a hospital on board. We got to Guinea. In Guinea, there were no graduate dentists whatsoever. They had a few sort of village technicians who attended to the local population, but they had a large expatriate community and a diplomatic community for whom that was not acceptable. They would all have to fly to some European capital to see a dentist. During the day, we were dealing with Guineans. Teaching was less than ideal because there weren't many people there to teach, but we were caring for people. At night, we could do anything we wanted. There was tremendous pressure on us from people in town, expatriates, French teachers, ambassadors, and so on, to take care of some of their dental problems because, otherwise, they had to go to Paris. So, most of the doctors on the ship did a little bit of moonlighting. My first exposure to this was when the Lebanese ambassador needed a root canal. I thought, "Oh, the Lebanese ambassador. That sounds very exciting." I said, "I'll be thrilled to do his root canal." So, I did. Of course, we could not and did not accept any payments, so the only way he could reciprocate was to invite me to one of his diplomatic dinners. I went there and was absolutely thrilled by what I saw. I thought, "Oh boy, this is for me."

That led me to accept other expatriates for dental treatment, including a Senegalese diplomat who paid me back not by inviting me to dinner, but by taking me throughout Guinea to visit his Senegalese constituents. I got into villages and ordinary homes in Guinea in a way I could have never imagined. I got exposed to the cultural and social dimensions of a world that was totally new to me, because this Senegalese guy just took me around like a brother and took me into all kinds of homes and villages. That was one thing.

There were two others. When we first arrived, we were invited as the new doctors on board (Every two months, there was a new batch) to have a briefing at the American Ambassador's residence. The ambassador was a Kennedy appointee. I remember that as a very exciting thing. We went to the embassy and he gave us a briefing, the kind of briefing that thousands of ambassadors have given in thousands of places on countless occasions. To me at the time, I thought that was the most interesting and exciting thing I had ever experienced. Here was a man who had this overview of the country and the political situation. I was just totally taken by this. I said, "Wow!" That just blew me away.

Then, the third thing was that I became exposed to the Peace Corps. I saw some of the things that Peace Corps volunteers were doing. So, for these three different reasons, this was the actual tangible beginning. I said, "I've got to find a way to get into this thing. This is just so exciting, so interesting, so intellectually stimulating." That briefing by the U.S. Ambassador was absolutely the most crucial experience of my professional life up to that time. I began to think that, because of my international dental experience, maybe I could somehow transition into the foreign service.

It was while I was on the ship that I got a call from the State Department to see if I was interested in being a Fulbright professor of dentistry in Ecuador the following summer. I said, "Yes." I went back to Lexington. I had about 10 months before going to Ecuador. I decided to teach myself Spanish, which I did. I never had a teacher, but because of all these other languages I already had, I managed to make a good beginning on my own. I started reading the Spanish-language Ecuadorean newspapers. Just like in Guinea, I became fascinated by the politics of Ecuador. You can see it developing. The summer of 1966 I went down there. I was exposed to the consulate, and the Peace Corps. I made enough progress with the language that I ended up giving all the lectures in Spanish.

Q: Where were you?

DACHI: In Guayaquil and, briefly in Quito. I also stopped in Guatemala and Costa Rica on the way down to visit some of my former colleagues who had come to see me in Kentucky. When I got to Guatemala, the first place I set foot in Latin America, they had me lined up to teach a two-day seminar. This was a not unusual, I used to do a lot of lecturing at dental meetings in the U.S. So, my host said, "How are you going to do this?" I said, "I am going to do it in Spanish." He was absolutely astonished because he knew me from graduate school when I didn't speak a word of Spanish. Anyway, I went down there and did the whole thing in Spanish. It's easier to give a lecture in Spanish than it is to have a conversation, because during a lecture the people don't speak back to you.

Q: You're in control.

DACHI: In control of the vocabulary. I needed an interpreter fothe question and answer period.

When I returned from Ecuador, I decided I had to do something about finding a way to a career change. In 1966, the first class had graduated in Kentucky. I had become a full professor. I had published 35 papers in the scientific literature and had written parts of a book. I said, "What am I going to do now? I am 33 years old." After doing this in Kentucky, I didn't know what else I was going to do in dental education. So, I decided I was going to attempt this transition.

I started looking into it. But, as you know very well, it's not so easy. I don't remember precisely how, but I did get to have a visit with someone at AID, which I thought might be a logical thing, what with my experience in the health area. But the AID person did not think so. My interviewer at the State Department was greatly amused by the thought that a dentist would have pretensions of entering the Foreign Service. So, I struck out there too. But I worked on the Peace Corps thing. They were looking for short-time people. I said, "This may be the way."

The way the Peace Corps took people in, you went to the Personnel Department and they did a routine screening. If they thought you had potential, they would refer you to a desk officer for a more substantive interview. There wasn't an exam or anything. I had a terribly hard time with the personnel officer, who just kept saying, "I don't know what makes you think..." In this country, a dentist was considered a technician. In Latin America, where the number of educated people is so small, anyone with a university education has more standing, and in Europe, where dentists usually have to have a medical degree in parallel with their dental degree, they also have more standing... But in the United States, no one could imagine a dentist as being anything other than somebody who pulled teeth or made dentures. He kept bugging me about it. I kept saying, "Languages, languages."

So, he decided to fix my wagon. He was going to get me an interview with the Colombian desk officer who was a Mexican-American. Unbeknownst to me, he called her up and said, "Interview this candidate and do it in Spanish. This guy has the temerity to suggest that he speaks good Spanish." I walked into her office and she started speaking Spanish to me. I spoke Spanish back. Within three minutes, I was being recruited as opposed to seeking entry, because by that time I was a 5/5 [completely fluent] in Spanish. So, that completed the transition.

I started out as deputy country director of the Peace Corps in Colombia. Two years later, I became country director in Venezuela. Another two years later, I was named country director in Brazil. During that period, I was recruited into USIA. That is how the transition was consummated.

Q: Let's go back to the Peace Corps. You were deputy director iColombia. You were there from when to when?

DACHI: June 1967 until about January 1969.

Q: What sort of preparation did the Peace Corps give you?

DACHI:. The answer to that is virtually none. I had the language. The rest was sort of briefings for a couple or three weeks. But we've got to go bacOne of the major experiences I had in my "transformation" from dentist to foreign service officer occurred before going on my Fulbright professorship to Ecuador in the summer of 1966. In those days, cultural and educational exchanges were still in the State Department, as they are now going back. And there was still money. They had a two-week area studies preparatory course for Fulbrighters. I went to that. I remember the room. I vividly remember everything about it. Just like they have now at FSI, there was a chairperson for area studies and there were a lot of guest speakers. I attended the course on Latin America. I was totally struck. A new world opened up for me. I learned a lot and I found it tremendously interesting and stimulating. This was just so much more exciting than anything I had ever done before. That was the trigger. My desire to find a way into the foreign service became even stronger. I decided I just had to find a way to make it happen.

It was during a break at that course that one of the teachers and I had coffee in the State Department cafeteria. It was he who suggested that I try to get some interviews about getting into the Foreign Service if I was really that excited about it. He gave me the names and whatever that led me to these interviews. Every time I walk by that seminar room to this day, I think back to that crucial turning point in my life. And, I must be one of the very few people on the face of this earth who think of the State Department cafeteria in a positive context. It was sitting there that this idea really began to germinate and take hold.

Q: So you went to Colombia in 1967. From your perspective, what wathe situation in Colombia at that time?

DACHI: They were in a brief historical pause between one type of violence and another. For many years, there was bitter political violence in Colombia between the two parties, liberal and conservative.

Q: Were they the Reds and the Blues?

DACHI: It was almost like the Hatfields and the McCoys, between the two principal political parties, the liberals and the conservatives. A lot of people died. Several months before my tour began there, there was a political accord to have a coalition government and end the violence with four presidential terms alternating between the two parties. I got there during the first of these periods with President Carlos Lleras Restrepo. He was quite a statesman. That was the launching of this brief period of political peace in Colombia.

Then not too long after I left, the drug violence began, rather slowly at first. But this very divisive thing where you have leftist guerrillas on the one hand and the drug mafias on the other increasingly working together, that was not apparent yet at the time I was there.

Q: What was the Peace Corps doing in the 1967-1969 period?

DACHI: That was the peak period of its fixation on community development programs. It was based on the belief that basically inexperienced but well-intentioned young liberal arts graduates could go into Latin American communities and take on the political establishment. The idea was to try to organize communities from the ground up and find a way to bring pressure on these somewhat corrupt and certainly very entrenched political powers to open up the political process so that it could become more democratic and participatory. That was a time when Sol Alinski, a sociologist in Chicago, was the great guru of community development in third world societies, and he had a tremendous impact on the Peace Corps. It was an uphill, mostly losing struggle that the Peace Corps had going in dozens of countries during the Kennedy/Johnson years. It was incredibly naï¿½ve. It just didn't work. So, that was a major frustration in the Peace Corps at the time, that its central theme wasn't working.

The other major thing going on was the Vietnam War and the large number of volunteers who were in the Peace Corps as an alternative to it. This increased their zeal to try to get results in community development, to be able to show the world that this was a far superior way to bring about change. It increased their frustration when they failed at it. Then as the years went by, the Vietnam War became an increasingly bitter and confrontational thing among Peace Corps volunteers.

Q: Let's talk about Colombia first. In Colombia, when you were there, did you and the Director of the Peace Corps in that country see this social revolution that we were trying to promote with the Peace Corps as working? Was this a frustrating thing or is it only in retrospect that you see that it wasn't working?

DACHI: It was sort of half-way between. Certainly the realization was setting in that it wasn't working. But the zeal from the top was still very great. You couldn't openly argue inside the Peace Corps that it was time to change direction. The country director was a guy who was a particularly sensitive Latin Americanist who had come from a religious background, was a former Baptist minister. He was very sensitive to this. First of all, he believed very deeply in the idea of community development. At the same time, he was a very sensitive reader of the situation, so he also understood that it was failing. He was torn very deeply by that. That is what was happening. People were torn apart emotionally between the ideology and the reality.

Q: You were supervising Peace Corps volunteers at this time. Can you give some examples of what some of these people were trying to do in Colombia?

DACHI: Yes. Let's say there would be a volunteer working in a village. They would try to see if the mayor would fund a health care clinic for maternal and child care. Or he would build more classrooms. Or, much more dangerously, they would attempt to organize people to develop a viable alternative candidate to run in what they thought would be an honest election against this mayor who was not giving them the funds for the community health center or school. Trying to teach peasants how to organize to become politically effective rather than having to go and sit in the waiting room of some local chieftain and go hat in hand to ask for a favor to get a health clinic. To go in there and say, "This is our right. We demand it and, if you don't provide it, we're going to organize and elect someone else to take your place." This was a very American idea whose time had not come there. I'm not sure it has come to this day. To think that a "gringo" speaking broken Spanish, coming from a comfortable American middle class neighborhood and little clue about the local culture could make this happen still boggles my mind.

Another big thing was agricultural cooperatives. That tends to help some people move away from being sharecroppers or tenant farmers, to develop their own facilities so that they could market their products independently. You need farm to market roads, transportation, tractors, a lot of things. There was a big program of teaching people how to organize cooperatives, how to run them, and how to elect leaders of cooperatives. The idea also was that such cooperatives would develop democratic political leaders. An overwhelming task in most cases for a foreigner from another planet to undertake. Then unions, well, that wasn't such a big thing because there was no industry there. But in Latin America, the idea of having unions also goes for rural migrant workers.

Q: Obviously, you were working against the establishment in this. These young kids were guests in the country. What about the toleration of the central government and at other levels?

DACHI: The intolerance came first at the local level and worked its way up. In Colombia, the central government didn't really become seized with that issue until later. There were a number of countries where, from the beginning, central governments would not abide this idea. In countries like Mexico and Argentina, the Peace Corps was never allowed in for this very reason. In others, it was eventually asked to leave early. That happened in Venezuela, Brazil, and Colombia. But the intolerance originated with the entrenched powers at the local level that felt threatened.

There were two categories. Even in villages where they had sweet, wonderful people, a Peace Corps volunteer might not be an effective community development organizer for the simple reason that it's not easy to do even if all the lights are green. There were a lot of people who were not able to become effective enough and acted more as glorified social workers who weren't very popular and welcome after they failed to produce results. If they did happen to have the ability to become effective as political organizers, then they would either be isolated or expelled or something would be trumped up against them. There was a lot of drug use among volunteers in those days. Some mayor who wanted to get rid of a kid could easily enough hang the narcotics charge around him or her and we would have to remove them, put them somewhere else, or send them home. So, it had a limited effectiveness.

There always were, of course, many exceptions. Some volunteers would manage to adapt to local conditions, help start some good projects and become very popular with their local hosts. The Peace Corps always was a fertile ground for future foreign service officers and other professionals, who with this international experience later entered the private sector.

Q: What sort of support and interest were you getting from ouembassy at the time?

DACHI: It was sort of a benign and somewhat affectionate, paternal kind of interest on the one hand and, at the same time, an increasing nervousness that the Vietnam dimension was creating and harboring some political militants who were going to create problems for them. All of these issues came to a head two years later in Venezuela. In Colombia, they were just being formed. These were the last two years of the Johnson administration. All these things were just percolating up to a crisis. There was this division of feelings in the embassy. "It's a wonderful idea, it's very nice, but we don't have enough control." First of all, the Peace Corps was semi-autonomous. The Peace Corps Country Director was supposed to keep the ambassador informed and to be a cooperative member of the country team. He was urged to do so by the Peace Corps in Washington. But it was also clear that he was not totally under the ambassador's control and had his own budget. It created some friction. Many of the Peace Corps Directors were a little bit anti-establishment themselves.

In Colombia at the time, the ambassador was a political appointee named Reynold Carlson. He had been head of the Ford Foundation's development program in Argentina before he came up there. He was very sympathetic to the Peace Corps because he had a development orientation. He had a benign personality and was content to preside over all embassy sections with a very light touch, without ever trying to exercise much leadership or control. Our Peace Corps Director was sort of in the middle on that. He was certainly not anti-embassy but he was not pro-embassy either. There was a satisfactory modus operandi. Then there was AID in the picture. There was always an argument as to whether we should tie Peace Corps programs in more closely with AID, but Peace Corps policy was opposed to that.

Q: This was the height of the Alliance for Progress, too.

DACHI: Right. But AID, particularly in Colombia, was so big and powerful at the time that the head of AID was really the most dominant and influential figure in that embassy, in many ways more so than the ambassador. He had so much money at his disposal. The Peace Corps, even though we had one of the largest Peace Corps in the world with 800-900 volunteers, from the AID Director's standpoint, was a little gnat on his arm. They didn't feel that these amateurish efforts would in any way compare with the major things they were doing like educational curriculum and agricultural reform. In many respects, they were right. The Peace Corps was in a different kind of framework. And sometimes, small could be beautiful too.

Q: What was your impression while you were there at this time of the Peace Corps direction from Washington? I assume you would get people coming out.

DACHI: That was the time when Jack Vaughn was Director of the Peace Corps. He was very definitely what you would call a liberal democrat, a McGovern-type director who had a great deal of soul and empathy and was very much seized with social issues. He was very much pro-community development. He was virtually a native speaker in Spanish and earlier had been a popular ambassador in Panama. He was very charismatic. He followed Sergeant Shriver. He was trying to keep the Kennedy flame alive. So, all the pressure at the time was very much toward persisting with this thing. The rationalization was that we're trying something that was sufficiently revolutionary that it was going to take some time and that obviously not everyone was going to be successful, that it would take a couple of decades. We would have to learn a little more about how to train volunteers to do this kind of work, but we were doing fine and it would just take time because it was so ambitious and so potentially change producing that you have to be patient.

Q: In 1969, you moved to Venezuela. You were there from when twhen?

DACHI: From about March of 1969 to the end of 1970 as country director. That was a crucial time of change for the Peace Corps. It was the beginning of the Nixon administration. The Nixon administration named Joe Blatchford to be Director of the Peace Corps. He had previously set up a private sector volunteer organization in Venezuela called "Accion." In Blatchford's time the Peace Corps eventually was renamed "Action." What Joe Blatchford tried to do, very much consistent with the Nixon administration's view, was to move the Peace Corps away from community development and this kind of social do-goodism and political organization, toward more concrete job oriented, task oriented, development oriented things with older volunteers possessing specialized professional skills. I very much agreed with that approach. I was pretty well disillusioned with what I had seen in Colombia. So, we got along just fine.

While I was in Venezuela, we really did a complete remake on the Peace Corps there and started up programs in totally new fields like hospital administration. We started getting a lot of retirees in and more experienced professionals. Another program already in existence before I got there was in urban planning and municipal administration. We hardened up these programs and thereby generated a new set of problems that were, in many ways, as complex as the ones we left behind. But they were of a different kind. Then, the Vietnam thing came to a head. The Cambodian bombing began. Kissinger became an explosively controversial figure in Peace Corps volunteer land. Demonstrations and political activism came to a head. I had to face, on the one hand, a programmatic remake and, on the other, undertake an excruciatingly sensitive mediation of a political confrontation between the embassy and the volunteers, who were rebelling not only against the war but against the authority of the U.S. government itself and its right to control their actions in Venezuela.

Q: Let's talk about the confrontation first.

DACHI: Those were the days of the Cambodia bombing and the othebombings. There were a lot of political demonstrations in the States.

Q: Berkeley had happened, but the Kent State thing happened in the late spring of 1970. I was in Saigon at that time. It was the incursion into Cambodia that prompted the Kent State thing.

DACHI: The thing was that people in the States were taking over deans' offices and university presidents' offices and having very dramatic demonstrations, throwing coffins on authorities' front lawns. You had these things in Washington with Nixon at the Washington Monument. The volunteers wanted to do the same sort of thing in Caracas. They were very bitter and very alienated and getting more into drugs. You had more and more drug problems and more people were just really hostile to all USG authority figures including the Peace Corps Director, who was also perceived as part of the establishment.

I always used to tell my Peace Corps colleagues that the most culture-bound thing of all is food. I discovered that the only time I could get these volunteers together to talk to me was if we had them over to the house for hamburgers, cheeseburgers, and fried chicken. That would bring in even the most militant anti-Vietnam warrior. They would descend on the buffet table like famished locusts and virtually eat us out of house and home. They got in the house and my wife was there and they had to be civil to both of us. In fact, that was the only thing that got some of those people thinking that maybe I had some redeeming qualities as a human being after all. That made it possible for me eventually to sit down and talk to some people, not ever reach a meeting of the minds, but at least they were willing to talk to me because they didn't think I was totally hopeless. But it was close.

Then it all came to an end. The ambassador at that time was a legendary figure in the old style, Rob McClintock, the guy who as Ambassador to Lebanon took his dog to the beach where President Eisenhower ordered the Marines to land. He took his dog everywhere. He had his poodle with him in Caracas. The Papal Nuncio would call on him and he had his poodle with him in the office. His poodle attended more country team meetings than any of the section heads. McClintock was colorful and flamboyant, but also the epitome of the traditional, imperial ambassador. When it came time for these Peace Corps volunteers to organize a demonstration in the streets of Caracas and march to the embassy to throw a coffin at the entrance and throw the names of Vietnam dead into that coffin, that to me was a major crisis. McClintock simply said to me, "I expect you to make sure this does not happen." It would be scorched earth if it did.

I had always been one of the more cooperative Peace Corps Directors when it came to working with the Country Team. So, I had good personal relations with McClintock. He liked me too, but he made it very clear that I couldn't allow this to happen.

When, finally, things got to the point where it could not be avoided, I started talking to the leaders of this thing, saying, "Look, you're here for all the right reasons, to do some good in this country. If you hold a demonstration on the streets of Caracas, you are, in effect, involving the host country in the internal political affairs of the United States. They are not going to tolerate it because good relations between Venezuela and the United States are very important. If you interfere in those relations, they will throw you out and there will be nothing we can do for you. Therefore, you will undermine your ability to prove that this way is better than the other. The place to have a political statement is on United States territory inside the embassy grounds. You go there and you can make the same kind of political appeal that the Constitution guarantees you if you were in the United States. If you agree not to do a demonstration on Venezuelan soil, which in the first place will benefit you because it will allow you to stay and do the work, I will guarantee you that you can freely make your political statement on U.S. soil. I will guarantee that the ambassador will hear your statement." I went out on quite a limb when I said that.

They went for it. It was mama's fried chicken and chocolate chip cookies that got me a hearing. So, they said, "Okay, that's a deal. We will march down the street without carrying signs or chanting slogans." The compromise was that from the Peace Corps office, which was about a mile and a half from the embassy, they would march to the embassy. On the way, they would not hold their signs up, they would carry them under their arm. They would not shout or chant any slogans until they got inside the gate. Then, I promised them they could have an appropriate, "constitutionally correct" demonstration.

I went to the ambassador. I explained all of this to him. Because he had sort of a fatherly affection for me, and I think there was a lot of good sense in what I was saying, he eventually agreed to come down and take a petition from them. No dialogue, but he would come down, listen to the statement provided it was not too long or abusive, and would actually physically accept the piece of paper and walk back into his office. That was far more than Rob McClintock would have ever agreed to. It wasn't a heck of a lot for these volunteers, but somehow it turned out to be enough. That is, in fact, what happened. It played itself out exactly according to this script. So, we survived the worst of it.

This strengthened my standing in both camps enough so that we were able to move on and get through this whole period without further crises. It made Rob McClintock into one of the advocates of my transitioning into the Foreign Service, as well as the public affairs officer there at the time, Ed Schechter, who became a beloved and valued friend for the rest of his life. They said, "Hey, this guy should come into the Foreign Service." So, it worked out best for me, too.

Q: Was there a problem and, if there was, how was it transmitted to headquarters about who recruits for the Peace Corps? They were sending people who were bitter, militant, and messing around. I would think that this would show that they really weren't getting the right people in.

DACHI: This was happening all over the world. This was like a virus that took over the whole body. This wasn't unique to Venezuela or to Latin America. Many of these people were idealists, but lots of others were there just to avoid the draft. I don't know how the latter could have been identified and kept out before the fact. There were lots of places where things didn't work out as peacefully and correctly as they did that day in Venezuela. So, this was an issue that Peace Corps had everywhere. It was part of the Nixon administration's problem with the Vietnam War. After Kent State, the Mall, and all that, this stuff was small potatoes. It was part of a worldwide thing.

Q: I even had some American students who happened to be in Vietnam demonstrating in front of the embassy in Saigon. I know because I got involved with some of this trying to keep it from turning into something.Let's talk about trying to turn the Peace Corps from an ideological instrument into a more practical instrument. How did that work in Venezuela?

DACHI: In Venezuela, it worked reasonably well. Venezuela was somewhat more advanced than a lot of other developing countries. It was easier to get professionals to come to Venezuela than it was to get them to go to India or Nigeria. We were able to get professional volunteers in reasonable numbers. In the new hospital administration program, which was "my program," I was dismayed to discover a whole new set of problems. They were different from the old, but they were just as big.

There was a 72 year old boiler engineer who was famous for having fixed every boiler that he ever ran into for 40 years at every U.S. hospital he had been to. He was the Michael Jordan of boiler engineers. He came down to Venezuela as a volunteer. Oh, the publicity. He was one of our models. So, he walked into the first hospital and we said, "Why is this boiler not working?" Very simple, he said, "You've got an outlet valve that's broken. You've got to get a new valve. Voila. Your boiler is going to work." The Venezuelans at the hospital said, "Hey, buddy, we've known that for the last 18 months. The trouble is, you can't get such a valve in this country and you can't import it because customs rules say that you can't." That was a revelation to all of us.

These professionals and experts came down and made an instant correct diagnosis of what the problem was. But they had no idea how in the context of developing countries the solutions that worked in the States were simply not available. That is what sinks a lot of AID programs around the world also. It all of a sudden came home to the Peace Corps that we were in danger of becoming a junior AID. It wasn't a question of figuring out that the outlet valve needed to be replaced, but how do you get it replaced? How do you get the Ministry of Health to allocate more money for replacement parts; how do you get them to expend hard currency to import them; how do you get the goods through customs, and so on. That was the biggest thing. The other thing (and both of these are systemic in my opinion) was simply that the Ministry of Health initially says, "This is wonderful. We are going to get 25 experienced professionals in hospital equipment maintenance. This is a lousy hospital here. Half the equipment is broken. We are going to get these Americans who will take care of everything." The volunteer walks in and, from day one, he is a mortal threat to the local workers who held these jobs and had things their way for the last umpteen years. The instant they discovered that this new volunteer doesn't understand that the problem is not the outlet valve, but the inability to import a new valve or get the budget for a new boiler, or whatever, they immobilized and marginalized this person instantly. They said, "You're telling us all these things we already know and you have no idea what the real problem is. You imagine that we have the money to buy a new boiler, or that a part shows up at the port, and it goes right through customs."

In Peace Corps training for these new kinds of volunteers, we tried to get across the differences of working in a foreign culture and a different language. But all the technical issues, the protectionism, a different approach to management and budgeting, those things we didn't discover as obstacles until later. We also discovered that these older volunteers, professionals with significant practical experience prior to joining the Peace Corps, tended to get impatient, frustrated and discouraged more quickly when they learned that their advice was not always readily accepted or they could not produce the quick results they expected. So, in that sense, the program, which was a new, practical program of the Peace Corps, ran into the same magnitude of difficulties as the old, albeit for different reasons.

Q: I would have thought this would have been considerable pressure on you as the Director as being sort of the point man who could maybe go to the embassy, which in turn could go to the government and try to ease up the channels of getting things done.

DACHI: To some degree, you could do that. We did do that. The AID directors did it over the years. But then, as now in the days of a global economy, when we're talking about new trade and investment in all these countries and thinking that the ambassador is going to go in and straighten out some of the sticking points, it doesn't always work by any means. It doesn't work today. It didn't work then. It wasn't a total failure, just like the community development program wasn't a total failure. There were a lot of volunteers who did a lot of good things. There were a lot of these technical professionals who did a lot of good things. It was the institutional program management approach that was exposing weaknesses. In a way, it helped put the Peace Corps probably in the correct context. After all is said and done, on a one on one, human being to human being basis, a lot of people can do a lot of good. People who go through life feeling that they were able to make a few good things happen here and there for a fellow human being and that justifies their existence, their having lived a good life, they die happier than the ones who thought they were going to change the world, or tried to change the system.

Q: Let's move to the next tour.

DACHI: I went from there to Brazil. There was a five year limit on being a Peace Corps official with a possible extension for a sixth year, so I still had a couple of years left. Joe Blatchford, who besides Venezuela, had experience in Brazil, liked what I had done sufficiently well in Venezuela that he wanted me to go to his other favorite country, namely Brazil, to try to do the same thing. So, I went there at the beginning of 1971. I was in Brazil from January of 1971 to August 1972. I was part of the first Embassy team to move up from Rio and set up business in the new capital, Brasilia. Steve Low had been in charge of a "pre-embassy" diplomatic outpost there for the previous two years. The first American ambassador, William Rountree, took up residence in Brasilia in January 1970. I arrived at the same time. So, we were there together in the first days of the embassy.

Q: What was the political and economic situation in Brazil when yoarrived in 1971 as you saw it?

DACHI: It was toward the middle period of the 20 years of military rule from 1964 to 1984. The first military president of Brazil was a capable technocrat who would put a lot of things in order. But, afterwards, there was an outbreak of violence and the kidnaping of several foreign diplomats including the American ambassador, Burke Elbrick. That happened about a year before I got there. The regime cracked down hard on suspected terrorists, exiled many leftist politicians, among them the current President Fernando Henrique Cardoso, committed many violations of human rights in the process. So, there was a bit of a "dirty war" there, too, not quite as widespread as in Argentina, Chile or Uruguay, but there was that. There was growing political tension between the military regime and what was becoming the leftist liberation theology advocated by a segment of the clergy of the Catholic church. The number of rural militants in the drought and poverty stricken northeastern Brazil was increasing. The Archbishop of Recife, Dom Helder Camara became a leading advocate for the rural poor of the northeast, and as his fame grew, he became more and more of a thorn in the side of the ruling generals.

Much of this had, by the time I got there, been rather brutally brought under control; maybe not put down, but basically brought under control. This was also the period when the generals got the idea that they could get rid of all the politically unreliable poor by building a highway into the Amazon rainforest and resettling them out of harm's way, so to speak. The Brazilian military rule was consolidating itself after having put down a guerrilla militancy leading to a number of kidnappings and opening up the Amazon to get rid of political opponents. National security was the main and subsequently shown to be the fatally flawed rationale for opening up and developing the Amazon region. Also, the rulers believed that if they didn't settle the region first, legions of poor from neighboring countries would move in and do it for them.

Subsequently, Brazil moved into an intensive development phase. That is when they acquired this massive foreign debt that eventually led to a moratorium on payments and to over fifteen years of the worst wave of massive inflation ever experienced by any country over such a sustained period of time. That vicious cycle really took off after I left. So, this was a relatively stable period, imposed by strict military controls, between two major waves of change.

Q: What about the inflation? Was this a problem then?

DACHI: Yes, it was becoming a problem. It had its roots in the extravagant deficit spending initiated with the building of Brasilia 10 years earlier. But it was not yet the overwhelming problem that it became by the end of the eighties.

Q: What was the history of the Peace Corps prior to your arrival?

DACHI: Brazil is so vast and so varied geographically, culturally, economically, and so on, that the Peace Corps never found even a modicum of thematic coherence the way it did in smaller countries. You could never describe the Peace Corps in Brazil as having two or three focused objectives. You had these disparate groups of volunteers in various parts of the country who had nothing to do with each other, living in totally different worlds, doing a variety of things. There was no unity there at all. There were quite a few regional directors in different areas, but they and their projects had little in common. It was hard to put your finger on what the Peace Corps was doing in Brazil, even though it had patches of good programs in various areas, put together on an ad hoc basis.

Q: When you arrived in 1971, how big was the program?

DACHI: We had 600-700 people. It was one of the biggest programs, just like Colombia had been. The Vietnam political situation was still going on. But in Brazil, the volunteers were scattered over such huge distances that they could never get together to organize the way they did in Venezuela. They were not able to communicate with each other. You couldn't call a countrywide meeting of volunteers and expect them to show up in one place. They had to travel for two or three days just to get back and forth from their village to a state capital. So, that changed the political profile significantly.

Q: I would have thought there would have been a local problem within Brazil. You have a military government, an increasingly militant set of Peace Corps volunteers, local liberation movements, the Catholic Church, which is moving into opposition, or at least some elements of this. I would have thought that you would have all sorts of problems.

DACHI: No. The size of the country negated all these factors. They were indeed present, but if you throw a fish into the Pacific Ocean, it's very different from dumping 500 fish into a community swimming pool.

Q: How did you see your main job?

DACHI: I must confess that when I got there, I felt a great sense of relief that I was going to be dealing with technical Peace Corps problems and not Vietnam. But how did I view my job? You go to Brazil, (this is true today and it's true of people who go to China, India, and Russia, these huge countries.) you've got to spend a year just getting oriented. The place is so overwhelmingly big that if you have some kind of countrywide responsibility, trying to grasp the diversity and reality of the culture, you spend a year (If you're lucky, you spend only a year.) trying to learn what is going on. I have never seen anybody beat that obstacle. I've seen some of the greatest ambassadors in the U.S. Foreign Service come to Brazil or India with tremendous zeal and energy. Whether they admitted it or not, they took a long time just to get a feeling.

I was simply going along, traveling extensively, going to all these places, trying to get a handle on it. But in the end, you could only deal with Brazil by saying, "I'm going to look at one state and see how we can make things a little bit better in that state." Then I would go to another state and the situation was different. So, I couldn't take a national approach. I became somewhat more of a retailer than a wholesaler. By that time, the Peace Corps also sort of was becoming disillusioned by this hospital administration and urban planning approach I had experienced in Venezuela and was looking yet again for new directions. All of a sudden, English teaching came back into vogue after it had been virtually discarded, and underwent a brief renaissance. Brazil was not the place to forge coherent new directions out of its incredible diversity. I know what I did in Colombia and I know what I did in Venezuela, but I'm not sure I know what I did in Brazil.

Q: You were obviously maintaining the program, I suppose.

DACHI: I kept it running and improved it here and there.

Q: So, leaving Brazil, were there any particular incidents that comto mind that you had to deal with?

DACHI: That was a somewhat more uneventful period. It was not eventful in the way we are talking now, but it was a tremendous learning experience for me in traveling all over the country and understanding the cultural diversity and the history of this continent- sized country. I learned a lot for the future. I learned a lot about Brazil that helped me in my subsequent assignment in Brazil. I learned a lot about the Foreign Service. I have served with some really great ambassadors. William Rountree was another classical ambassador, very much in the traditional mold. Again, we developed a very affectionate relationship. I admired him. I learned a lot from watching him work. Also, Brazil was a time when I was going to find out whether this great hope of my transitioning into the "real" Foreign Service was, in fact, going to work or not.

Q: How did that come about?

DACHI: As you know, lateral entry into the State Department has always either been impossible or extremely difficult. Lateral entry into USIA was not much easier. There were people in Brazil who were trying to help me transition into the Foreign Service just like there were people in Venezuela who were trying to help me. It was apparent that it would never work to transition into the State Department, but that it might work with USIA. Various people in the Foreign Service were always speaking up on my behalf in Washington, with the USIA front office to see when a lateral entry opportunity might come up. In fact, I think the first one came up when I finished in Venezuela and I was about to take a panel exam for an FSR [Foreign Service Reserve] appointment into USIA. Then they had another budget cut and put it off. That is how I ended up going to Brazil, because it didn't work out at the end of my tour in Venezuela. But eventually, persistence made us aware of another moment when the door opened briefly. Well, I had hung around that door for so long that the time it opened, I sneaked in. I took a panel exam and they took me in as an FSR. I got into USIA. They put me in a job as a regional program coordinator for Central America. They didn't know initially what to do with me, so they put me into a sort of makeshift job.

Then, I got lucky again. I was invited by my friend, the former PAO in Venezuela, Ed Schechter, to dinner at his home. He had Jock Shirley, the area director for Eastern Europe there, who was a friend of his. He carefully seated me next to him. Jock had grown up in Hungary. He was one of the few not native-born Hungarians who actually learned to speak Hungarian perfectly. We were in the era of Frank Shakespeare as director of the U.S. Information Agency. We were placing a great deal of emphasis on Eastern Europe because we were into anti-communism big time in those days, and the only political contacts we were able to cultivate in those countries were through cultural and press officers. So, there was a great emphasis in USIA on Eastern Europe. Ed Schechter seated me next to Jock Shirley. We started speaking Hungarian. I was a native speaker of Hungarian, so that was like a gift from heaven for me. After that dinner, we became better acquainted and he "took me away" from Central America within months and made me PAO in Hungary.

Q: In 1973, you were going to Hungary as public affairs officer. You were there from 1973 to 1977. Could you give me a little description of how we perceived the government there and also the situation in Hungary?

DACHI: That was a rather crucial time in U.S.-Hungarian relations. It had been about 14 months since Cardinal Mindszenty, who had come to the embassy in 1956 during the revolution and Soviet invasion and, in effect, received political asylum, finally left the Embassy and departed Hungary. He spent from 1956 to 1972, sixteen years, resident in the embassy. Hungary in general began a process of very slow but noticeable liberalization as early as 1964, only eight years after the 1956 revolution. Eventually, it ended up with what became popularly known as "goulash communism" and Hungary was referred to as the "happiest cell in the Soviet Bloc." A gradual normalization with most western countries began as early as 1964, but relations with the United States were frozen during the entire period that the Cardinal was in the embassy. The Hungarian government's position was that this was not an embassy, it was a prison. There was no ambassador. Relations were at the legation rather than the embassy level and the Mission was headed by a Minister. So, 14 months after the Cardinal left, at the time I arrived, the first steps in the normalization process with the U.S. that in other East European countries had been underway for some time were just getting started. There had been a settlement of claims agreement reached during that 14 month period, and the incipient opening of a bit of dialogue, not much, between the two governments.

In December 1973 when I got there, there was a fairly new ambassador, Richard Pedersen, who had previously been Counselor of the Department of State under Kissinger. He was not the first ambassador. Martin Hillenbrand was the first one. Al Puhan was the second. By then, the ice had been broken for diplomatic discourse, but not much had happened beyond that. There were no educational and cultural exchanges or much in the way of contacts with the media. These were USIS domains which were vitally important at the time throughout the communist world, as the best and usually the only ways to get at least a modicum of access to some knowledgeable or influential contacts beyond the restricted world of a few ministries. By the way, we could not call it USIS in Eastern Europe, we called it the Press and Cultural Section of the embassy, which is what it will probably be called again soon all over the world after USIA and the State Department are consolidated. I was sent there with instructions to finally try to get a real information and cultural program started, now that normalization was underway. There was virtually no program there at the time. We had a small library inside the Embassy with very limited access. No off-premises activities were allowed.

Other than the settlement of claims, not much else had happened yet. There were two key issues at the time that Hungarians felt had to be gotten out of the way before they were ready for serious normalization. Number one was the return of the crown of St. Stephen. It was something that Hungarian fascist troops fleeing after the Soviet victory at the siege of Budapest in World War II had taken with them and turned over to the Americans, and we kept it at Fort Knox. During the Stalinist period, prior to 1956, there could be no question about returning the crown as far as we were concerned. In fact, the subject never came up. The Stalinist authorities of the time had no interest in the crown.

After 1956, there was a new regime installed by the Soviet Union. Janos Kadar became the First Secretary of the Hungarian Communist Party and was put in office with the aid of Soviet tanks. He, in fact, stayed as the head man until 1986 or 1987. So, returning the crown remained out of the question for many years. The Hungarian emigre community in the United States was very influential and was adamant about that, but the State Department was firmly opposed to it as well. On the other hand, the Hungarian regime felt that until we returned the crown and thereby accepted the legitimacy of the Kadar regime, something that unlike his pre-1956 predecessors Kadar was desperately anxious to get, normal relations were not possible. They resented the fact that they were not regarded as legitimate by the United States. To them, the key issue was the return of the crown. It was sort of a sine qua non. To us, on the other hand, that was something that would come as the last step of normalization, not one of the first. The other key issue for them was receiving Most Favored Nation (MFN) status, which had, by that time, been granted on an annual renewable basis to Romania and Poland. We wanted to keep that for the later stages also, and linked it with human rights and freedom of emigration issues.

Q: It had been granted to Yugoslavia, too.

DACHI: In those days, we never looked at Yugoslavia from Budapest or thought about it in terms of our East European policy, because it was not part of the Moscow orbit.

We were not ready for these two big issues. We thought of them as our trump cards. In moving relations forward, they remained the principal obstacles. They were preconditions for the Hungarian side. We first wanted an expansion of contacts, dialogue, and access for political reporting. We wanted more relations with the media. We wanted cultural exchanges and contacts. We wanted to explore expanded trade relations. But that was as far as we were ready to go. So, the time I was there, on the one hand, the dialogue intensified and expanded between the two countries, but on the other it was fundamentally spinning its wheels when it came to the two irreconcilable issues.

Q: You had as Secretary of State during a good part of this time Henry Kissinger, who was sort of more aware and probably more sensitive to Central European problems from his background. You had the Realpolitik man, Richard Nixon, as President for part of this time. Did you feel more of an engagement by the powers that be in the foreign policy area, Nixon and Kissinger, than at other times toward Hungary?

DACHI: There is no question that they wanted to engage more. But as far as Hungary was concerned, the price was the crown and the crown was out of the question. As it turns out, the crown was returned in 1978, not that much later, after Jimmy Carter became President. But in 1974 that seemed like a long way off. So, yes, Nixon and Kissinger wanted to engage, but they wanted to engage in the kind of political dialogue that was going to loosen the ties between Hungary and Moscow, the way, to a large degree, in Romania and, to a lesser degree, in Poland it had already happened and, at the other extreme, was not happening at all in Czechoslovakia and Bulgaria. They were hoping that Hungary, which was somewhat liberal on the economic side, could be energized a little bit to liberalize on the political side. In fact, they might have been disposed to do that, but the crown meant everything to them in those days.

Q: Was this one of these things where, every time you would sit down with a Hungarian official, the crown would be the first subject that they would talk about?

DACHI: Absolutely, the crown and MFN. After a while, we just used shorthand. You would go there and talk about anything, about opening an exhibit or whatever, and they would say, "Well, of course, we're in the period where the two key issues are awaiting resolution." They did not have to spell them out. It was just understood. But they referred to the two key issues each and every time, without exception.

Q: How did you respond?

DACHI: Our response was that there had to be prior movement on other issues. But even though Kissinger and certainly Nixon wanted to intensify their activities and get more results from Eastern Europe, Hungary, in the grand scheme of things, was on the back burner. Poland and Romania were much more important to us for a variety of reasons. So, it's not like we were getting constant reminders from Washington that we needed to accomplish more. That was not the case. It was a fairly quiescent situation.

Q: How did you find contacts (You were born there.), particularly with various elements, the plain bureaucrats, and with the intelligencia and the media people?

DACHI: This is a very interesting subject that we could talk about for quite a while. I would say there were two key things. Number one, I don't want to say I was the only Hungarian-speaking officer at the mission, but I was the only one with total fluency. This placed me in a unique situation on both sides. On the American side, I was able to be very useful. I could read the newspapers and watch television and be the eyes and ears for much that was shielded from non-Hungarian speakers. I was able to make a greater contribution than normally a public affairs officer could. On the Hungarian side, I was able to have many, many more useful and often very important contacts than I might otherwise have had. Over the three and a half year period, as dialogue was improving, we found that there were many people interested, willing, and often eager to say things to an American diplomat in a nuanced form in their own native tongue which they would not have felt comfortable saying in English. Many of these valuable contacts spoke no English at all and for the first time had a chance to talk to an American diplomat. As a result, I was able to make very substantial contributions to the Embassy's political reporting.

On the other hand, I had this Hungarian background and I had some relatives there, including a cousin who in my childhood years had briefly become my legal guardian after my parents died. He was a music director at the Hungarian State Opera, so he was a very prominent person. His wife was head of the western department at the Hungarian Chamber of Commerce. Their son was in the Hungarian foreign service and had recently been political counselor at their embassy in Washington. That was a situation laden with ambiguities and potential peril. In fact, about two years after I got there, in large part for those reasons, a major full-blown effort to recruit me was made.

Q: When you say an effort to recruit you, could you explain what that means?

DACHI: The general who was in charge of Hungarian counterintelligence in the Ministry of Interior personally attempted to recruit me in a carefully laid out operation in which he made a proposal for me to commit espionage for them in exchange for very substantial money payments. Many years later, after the fall of the communist regime, my cousin told me that the Ministry of the Interior had made an effort to get him and his family involved in this, which they refused to do. In fact, the whole time I was there, I had a wonderful relationship with my cousin, a very warm family relationship. At that time, he never intimated that anyone had tried to involve him.

Q: How was this proposal made? How overt was it? How were yodealing with it as an American Foreign Service officer?

DACHI: It was sort of a classical textbook effort. My wife and I and two of our children went to Lake Balaton in Hungary, a summer resort, for our vacation. A man, who later turned out to be the general from the Ministry of Interior, showed up in the same hotel. He first approached me by saying that his daughter was along, too. He saw that I had a daughter. Could they get together and play, practice English, and so on? Then he began to chat, asking me the kinds of questions that an average educated person interested in foreign affairs would ask about the United States; in other words, general interest questions. Then he gradually intensified the dialogue until the end of our vacation period, although even by that time he had not yet revealed anything in the way of recruitment as his eventual purpose. He asked me if I was allowed to have Hungarian friends in Budapest. I said, "That's why we're here."

A few days after we returned to Budapest, he called me. He invited me to dinner at a hotel in a remote suburb of Budapest. As it says in the movies and the textbooks, you're supposed to do that in an isolated location, which is precisely what he did. I started becoming suspicious. I hadn't been too suspicious before, but now I was alerted enough that I reported it to the chargï¿½, Clayton Mudd, before I went. Mudd knew that I had dozens and dozens of contacts. The idea of having dinner with any of them was nothing unusual, but there was something about this particular thing that bothered me. So, I mentioned it to the chargï¿½ because the ambassador, Eugene McAuliffe, was out of town.

Once we met at the hotel and sat down to dinner, the man got right down to business. He told me in a very cool and carefully crafted way that he was the General in charge of counterintelligence at the Ministry of Interior, that he wanted to propose a "cooperative venture" to me, to improve U.S.-Hungarian relations by having us work together against certain "mutual adversaries" that I could help him with. First he mentioned China. This was not long after we had opened our first diplomatic post in Beijing and we were not yet allowed to have bilateral contacts with Chinese diplomats in other countries. But we could talk if we "accidentally bumped into each other" at third country events like Independence Day receptions.

The Chinese Deputy Chief of Mission, (DCM) in Budapest was an excellent Hungarian speaker and he and I did in fact bump into each other from time to time at such functions. Because of our mutual fluency in Hungarian we would have quite lengthy conversations, although never about anything terribly substantive or politically sensitive. It was the buzz of the foreign diplomatic community and obviously Hungarian intelligence had gotten wind of it too. The Hungarian spymaster was obviously eager to "tap into" that dialogue but I was able to deflect that by insisting, truthfully as it happened, that the Chinese man never ever said anything of importance to me. Then the General mentioned West Germany, which was easier for me to handle because I just said that they didn't exactly qualify as "mutual adversaries," since they were members of NATO and staunch allies of ours.

At this point, this was becoming a very stressful and intense situation for me, to put it mildly. I was trying to think back to what it was that I was told in briefings and training as the thing to do in a situation like this. It wasn't a heck of a lot to fall back on except that I did remember, in general, that they said, "Don't get involved in any discussions, arguments, or debates. Just listen and remember as much as you can. Say as little as possible and get out of there safely and without commitments. Then come back and report it to the embassy and we'll take it from there." So, that was my strategy, although, in the event, it's a little more nerve-wracking to carry out than it is when you listen to it at the Foreign Service Institute in a briefing.

He ended up making a complete proposal for my providing them information. He kept saying, "Nothing about the United States. Just about other countries." He then offered basically financial incentives. He didn't refer to my family at all or try to use any blackmail of that sort. There were no "outside women" in my life that he could use. He said that they would take care of my three children's college education in the U.S. from beginning to end. That was basically the financial offer, plus whatever expenses he thought I was going to incur in taking people to dinner, lunch, or whatever to get information for him. The evening did come to an end eventually, about what seems like nine months later, but still in the same evening. The next couple of days I spent in the "bubble" at the embassy debriefing people with tape recorders. That was sent back to Washington. The ambassador was then instructed to make a protest.

The Hungarian Foreign Minister eventually came back to him and said that I was hallucinating, that none of this had happened. But one of the things the ambassador stressed very carefully was, "You may think it was a hallucination but we know he is telling the truth. One thing should be very clear: he is not leaving here. We've got here a list of all his contacts and all his activities. If even one of these contacts is now going to be impeded in meeting with him, we are going to consider this a major factor in harming the bilateral relationship." He made a very strong demarche. In fact, in a rather unusual situation, I remained at post for the rest of my tour for a little over a year and they never bothered me again. I continued to work without change with all my contacts.

The period I was there, I did establish a modest information program and a considerable cultural and educational exchanges program. I got the Fulbright Program started and even some International Visitors, none of which was possible prior to that time. This was, however, under restricted circumstances. We were not able to program off premises. I had literary evenings, speakers, movies, and so on at my house, organized around dinner. But I left there with a substantial USIS program established, which had not existed three and a half years before and managed to live through, overcome, and cope with this recruitment effort without it affecting the work. It was a memorable period in my life. If you really want to hear the details of how the recruitment was done, that's a whole hour right there. Since we're trying to keep things here in sort of a narrative contextual form, I think I gave you the salient summary.

Q: What about other contacts? Was there what could be called aintellectual class in Hungary?

DACHI: Oh, absolutely, there was very definitely an intellectual class. We developed very extensive dialogue with them. The thing about these writers, artists, historians etc., as far as the East European communist regimes were concerned, there were two issues uppermost on their minds. Number one, they needed a contented, shall we say co-opted intellectual class for a lot of reasons. They had to maintain an image of people who were working, productive and visible, to show that, of course, the regime respected history, culture, and intellectual pursuits. This was extremely important, even to the crudest and most dogmatic party hacks. That was one thing.

At the same time, to most communists the word intellectual was synonymous with dissident. Hungarian policy toward intellectuals was a very fine line between giving them maximum freedom on party terms so that they would produce "acceptable work," without allowing them to become dissidents. In Hungary, like in other East European countries, they had sort of a cultural czar, a special minister, one of the most trusted party officials, in charge of being the watchdog of the intellectuals. He was the man who in the ultimate analysis would say, "Yes" or "No" whether a book could be published and would say "Yes" or "No" on trips to the West, and so on. His name was Gyorgy Aczel. Compared to the Czech intellectuals, who had that Charter 76 group which became a significant dissident movement in 1976, it didn't quite happen that way in Hungary. It didn't happen because with a few notable exceptions, the Hungarians were given just a little more leeway, just enough to keep them vested in the benefits the system provided in return for them not making any trouble. They appreciated the fact that the regime was not clamping down as hard as the others. They managed to get by with that.

Nevertheless, it wasn't until after the fall of the communist regime, when I started going back there for visits and looking up some of my old intellectual friends, that I discovered a whole new dimension to this issue. Many of them were very unhappy with the fall of the communist regime. They felt they were worse off under the new system. It turns out that in this new system, they would write a book, go to the publisher, and the publisher would say, "This is a nice book, but I don't think it would sell enough copies. I don't think I can make any money on it, so I can't publish it." That was the opposite of what they had become accustomed to under the former regime.

In the old days, they could go and write anything they wanted as long as there was no politically controversial material, and, in order to keep them happy, the officially sanctioned publishers would print 15,000 copies of the book, put it in every bookstore and pay them the royalties on the 15,000 books. If only 280, or 28 for that matter were sold, so be it. It was a way to keep the writers and intellectuals on the payroll, leading a privileged middle class existence. They were published. They traveled to Pen Club meetings in the West and all of that. They were making good money. Nobody cared if anybody bought their books or not. Now the rules had changed. Once the system collapsed and they had to actually produce quality stuff with market value, they were resentful and angry, because the state was no longer "keeping" them, so to speak.Looking back a bit into the historical roots of Hungary's independence in the middle of the 19th century when it was struggling to get free of the Austro-Hungarian Empire, all the heroes and leaders of that struggle were poets and writers. They were in that role because the development and enrichment of the Hungarian language was seen as a key tool for moving them farther away from Austrian domination and the use of the German language which had been imposed on them. So, in Hungary poets have had extraordinary standing for over a hundred years, because as the creators of a richer and more highly developed language, they became the creators of a more distinct Hungarian national identity, distancing themselves from the Austro-Hungarian Empire and paving the way to eventual independence.

This, even to the communist regime, was something they never lost sight of. Even in "Nepszabadsag," the Hungarian communist party paper, there was a whole page devoted to poetry every week. There were lots of poets and writers on the full-time public payroll writing for dozens of publications. They would get published everywhere. In the regime's never-ceasing struggle for legitimacy, which it nevertheless failed to achieve because it was installed by the Soviets supporting intellectuals, supporting literature and writers and poetry and merging this with the image of the party, were1 absolutely key factors.

Q: Were you able to get members of the intellectual class, particularly the poets and others, off to the States? Was there much curiosity about what was going on in the United States?

DACHI: Those are two separate questions. A large part of the intellectual community was overwhelmingly Western-oriented. In fact, Hungary, in spite of all those years behind the so-called Iron Curtain, never lost its Western orientation. Nowhere was that more evident than among the writers. There were very few with a Solzhenitsyn type nationalist orientation.

Q: He was a devout Russian or a devout Slav. There was no compromise with the West or anything else.

DACHI: Right. The intellectual class in Hungary, many of them spoke English and read English. English language books were available to a limited extent. They had a literary journal dealing exclusively with writings from the West. They didn't set the United States apart from Western Europe. They were interested in all of it. Quite a few of them actually had a chance to travel to the West even before we in the embassy and USIS began to find a few new avenues for them to go. The Iowa Writers Program, for example, had Hungarian participants before we got into the picture. So, there was a certain amount of transit.

The Hungarian Solzhenitsyns, to the degree that they were nationalist, were really only nationalists on one issue. That was anti-Romanian and the historical struggle over Transylvania, the treatment of minority Hungarians in Romania, and the treatment of Romanian minorities in years past by the Hungarians.

I used to have cultural evenings at my house almost every week. I showed a lot of movies that had a certain amount of "freight," like "Jesus Christ Superstar," and "One Flew Over the Cuckoo's Nest," to cite two examples that made a deeper impact on my audience than any other films I can recall. They were particularly intrigued with the latter, especially because it was directed by Milos Forman, a fellow East European of Czech origin. The whole idea that "everybody is insane except me," the theme of that movie, had them riveted. In a symbolic but very real sense they considered themselves inmates of an asylum too, where grappling with the question of who were the insane ones was a central part of their existence. I had a lot of U.S. authors, poets, writers, dancers, musicians who came and gave readings or performances. I had a large living room that could accommodate up to 100 people. We had stuff going all the time.

At first, it was hard for Hungarians to get permission to come. We were always under surveillance. But I did something that in retrospect turned out to be the right thing to do. I never limited my guest list only to dissidents. I used to say that "If we have someone to speak on U.S. contemporary fiction, then anyone who is interested in U.S. contemporary fiction is welcome to come to my house even if he is the First Secretary of the Communist Party." I wasn't there to undermine the regime. I was there to exchange and offer ideas. So, there were pro-regime and communist people at my house along with these others at all times. I never ran an underground salon. People used to flatter me by saying that this was the modern day version of Gertrude Stein's salon.

After a while, more and more people got permission to come, because some of the people who had to give approval could come themselves, so they didn't have to worry as much.There was nothing overtly subversive about it. I defused a little bit of the paranoia by saying that "I am only here to offer things from the U.S. and if you're interested, come and see them." In fact, one reason it took me so long to get suspicious of the general who tried to recruit me was my attitude that I was there to tell people about the United States and, as long as they were asking me legitimate questions, I was delighted to tell them anything they wanted to know. I didn't care who they were. A lot of people chose not to tell me who they were to protect themselves. That was fine with me. As long as you're asking me things like how the U.S. Congress works or how the primary elections work, I'll tell you. I don't care who you are.

Q: Did you get to travel around much in Hungary?

DACHI: I could have traveled around. There is not as much need for travel in Hungary as in other countries. It is a small country. There is only one significant city. Everything is concentrated in Budapest. If you did travel, you would find that people outside the capital were a lot more uncomfortable dealing with an American diplomat than the contacts I acquired in Budapest, because they were unaccustomed to it.

Q: What about the press there? Was there any rapport with the press?

DACHI: There was a great deal of rapport with the press. I had lots of events for the press. Those were the days when videotapes were first beginning and the very first video recorders were coming into use. We used to get tapes of "Meet the Press," and even the presidential debates between Gerald Ford and Jimmy Carter. I had lots of events for journalists, and they always came in large numbers. I would say that about two-thirds of these people, at least the ones that I had come upon, were also Western oriented. Many, many of them were very interested in serious discussions about things going on in the United States and the West and our views on international relations and foreign policy and so on. Those were some of the most substantive, meaty, and interesting discussions. They couldn't write about it, but they were all interested in it.

Their writing in a most indirect way did somehow reflect this input, in the sense that at least they had to know in their minds that our viewpoint had a great deal of legitimacy, even if it was not permissible for them to say so. But I would say that most of them knew every day they lived there that we had the better of these arguments and that they were simply in a geographic location where, because of historical circumstances, they were restricted and controlled in what they could do, what they could write. There were very, very few dedicated communists or true believers among them. But nobody dreamed that this would come to an end one day. They had to survive and make a living, take care of their children. If you were a writer or a journalist, if you wanted to survive, you had to play within the rules of the system there. But that doesn't mean that you ever truly believed that it was right or that it was true. So they were always extremely interested in honest, substantive discussions and exchanges.

Q: What about placements from the Western press, areas you dealwith?

DACHI: Well, there was the USIA Wireless File and, first and foremost, it was very useful for internal use in the embassy. I would send selected articles to certain journalists, but, of course, nothing ever was placed. There was no Voice of America correspondent there. At the government level, there was next to no interest shown. Nothing we sent was ever acknowledged in public although many people thanked me for it in private and wanted to keep the flow of materials coming. We distributed articles very extensively, and I am sure that many people found them useful for background reading. I took that thing a long way.

We had extensive distribution, some of it to very interesting destinations. For example, the party central committee had an economic think tank that none of us had ever heard about previously, whose function was to keep up with, analyze and report on economic developments in the West. They were expected to write the most factual, objective analyses of what was going on in the West. The only people who got to read that, of course, were members of the central committee and others with top clearances. The communist leaders of the country felt they had to have the straight story about everything that went on in the West, and they employed the best economic specialists to do that, even though nobody else outside their tight party circles could know about it. That institute was one of our biggest clients. They wanted everything we had in our wireless file. All of those stories, briefings by Kissinger and everything else you can think of, they got to the top leaders of the party establishment through us. One day, our Secretary of the Treasury gave a policy speech to an IMF meeting in Manila. Our contacts at the think tank were on the phone asking for a complete transcript before it had even come in on the file. So, there were things we were doing that were quite centrally related to getting our policy points across, but it wasn't always done in what we would call conventional open channels.

Q: Were you aware of the think tank, how it operated, what they werinterested in?

DACHI: To some extent. They were calling me and I was sending them the stuff. I think that when I first got into this thing somehow (I don't remember how.), I didn't know what their real purpose was. But eventually, somebody told me. The way this thing worked for me was, first of all, I would invite people to my house for some program. Sometimes we would have an economist speaking. Sometimes a CODEL would come and I would invite a Congressman to speak. I would invite a group of Hungarian contacts. Then I would get a call saying, "Do you mind if I bring so and so along, who is an economist?" There were always people who came along that I had never heard of before. They came, gave me their card, and said, "The next time you have an interesting article in the wireless file, send it to me." Probably that's how I got hooked up with those people at the central committee think tank. Lots of times that would happen.

Another valuable dimension of these programs at my house was that if there was some activity of a dissident nature going on we were interested in, for example, when a group oCzech dissident writers signed that protest manifesto, Charter 1976, and we wanted to know if something similar might happen in Hungary and who was going to sign and who wasn't, they knew we were interested in this. I would have an event at my house. There would be maybe 12 of these people among the guests. One of them would come up to me and give a few small bits of information and walk away. Later, another guy would come up to me and say a few things and walk away. By the end of the evening, I could construct a mosaic in which I had learned all that we needed to know about this particular activity, but no one of them ever told me enough so that you could attribute meaning to or piece together the whole puzzle from what any single individual had said. That was one way of protecting themselves against accusations of treason. They often communicated with us by this method. It was a fascinating thing.

Q: When you left there, it was 1977. What was your impression of the difference in relations between the time you arrived and when you departed?

DACHI: What impressed me particularly was the fundamental importance of having a broad dialogue with people in all walks of life, in government and party and other levels. What we did through this dialogue was to clear away the underbrush of problems and misunderstandings that had accumulated after the war, during the Stalinist era and following the 1956 revolution. Nothing much by way of concrete accords was reached while I was there other than the fact that we signed a cultural agreement, which is something our government doesn't attribute much importance to in any case. But by substantially broadening and extending the dialogue into all sectors, in both official and unofficial, we made it possible to eventually accelerate the process of improving relations. Visits by CODELs and administration officials at increasingly senior levels also laid a lot of ground work. The flow of international visitors and exchanges was growing. Memories of Cardinal Mindszenty's 16-year stay in the embassy were fading. Pretty soon the idea of considering MFN or returning the crown didn't seem quite so explosive anymore.

A new ambassador, Philip Kaiser, came to Hungary in 1977, about the time I left. He was a very able and wise man. His personality and skills seemed tailor-made for dealing with the kind of circumstance in which he found himself. And, he had a new brief from a new president, Jimmy Carter, who was looking for ways to distinguish himself in foreign policy from the line taken by Richard Nixon and Gerald Ford. The way Kaiser was put together, he was just the right guy for the time. The crown was returned within a year after I left. It was taken there by the Secretary of State, Cyrus Vance. This was something that had seemed inconceivable a couple of years earlier. So, after having done four years of spadework, all of a sudden, things began to happen. MFN came along sometime in that period also. After that, the normalization process quickly ran its course and brought U.S.-Hungarian relations to a level commensurate with the much more liberal regime in Hungary as opposed to its neighbors. It would have happened much earlier if it hadn't been for Cardinal Mindszenty's presence there.

Q: What was your impression of Janos Kadar? When he first came in in 1956, he was certainly the evil genius, or whatever you want to call it, from the American point of view. From the embassy point of view and your own personal point of view, how did we evaluate Kadar by this time?

DACHI: Kadar was a unique figure. Almost the whole Hungarian communist party leadership spent the period between the First World War and the Second World War in Moscow. Kadar was not one of those. He stayed behind in Hungary. The rest of them were all one hundred percent creatures of Moscow. Matyas Rakosi, who was Stalin's tool and boss of Hungary during the most brutal years of repression from 1948 until he was deposed shortly before the 1956 revolution, was one of those. These people were Moscow-trained and legitimately deserved the label of puppets. Even though Kadar was one of them in terms of communist ideology, he was different in that he had spent most of his time in Hungary.

To understand the man, it is essential to realize that he regarded himself as the only one among those dedicated communists who was also a Hungarian nationalist while at the same time remaining ultimately loyal to Moscow. For the thirty some odd years he was in power, his goal as he saw it always was to serve Hungarian national interests first, albeit within the tight Moscow-imposed constraints on all the countries in the East European block. Kadar was extremely cognizant of and realistic about the fact that Stalin drew the line for the Iron Curtain as first and foremost a cordon sanitaire against any future German invasion. The next time there was going to be a war, the reasoning went, it was going to start somewhere farther west than on the Soviet border. To impart the communist ideology to the East European countries was secondary to that. Ideology and the communist dialectic was a tool, the only tool Moscow knew how to use, to impose its control from a strategic and military standpoint and keep the East European satellites in the Soviet camp.

What Stalin and his successors had to have were people they could trust absolutely in charge of each of the parties so that there would never be any danger of these people going off in separate ways from Moscow, above all in foreign policy. Most of these people turned out to be heavy footed, stiff, the worst kind of apparatchiks who truly were puppets of Moscow. Kadar was not such a person. But he realized that if he didn't adhere to the Moscow line, he could not survive. The bottom line on Kadar is that he got more for Hungary in terms of relative liberalization, economic and cultural, than anyone else could have, by never giving the Soviets anything to worry about on foreign policy or on losing control of the party. They, in turn, gave him more latitude to do liberal things in Hungary that may have looked dangerous from Moscow and would have been unacceptable say in Prague with Dubcek. He tried to do very much the same thing, but he wasn't trusted. They trusted Kadar because they knew that, in the ultimate analysis, he kept Hungary in the Soviet camp. As long as that was the case, he had quite a bit of leeway.

That is the way he was evaluated by us. I think that Richard Nixon, Henry Kissinger and National Security Advisor Helmut Sonnenfeldt were all strategic thinkers who appreciated that. I think they wanted to take it a step further and say, "In that case, why can't we have a more substantive dialogue about detente." Kadar's answer was never stated openly, but was assumed to be that, without MFN and the crown as a prize for his national objectives, it was not worth it to him to take the risk. Even the most harmless substantive dialogue, if he had nothing to show in return, would appear to be far too worrisome to Moscow. What I imagine he might have said was, "I'd love to sit down and talk with you, but we can't make any progress beyond a certain line. Anyway, if we make believe we are two pals just chatting over a cigar and some cognac, those guys in Moscow are going to pull my chain and it isn't worth it to me. Doing my best for Hungarians depends on the goodwill of Moscow and, most of all, on their trust and confidence in me."

I think that was appreciated on the whole. On the other hand, Kadar realized, for example, that he could never come to Washington on an official visit because he would always be branded as the guy who rode the Soviet tanks into Budapest. So, his presence and persona, in spite of whatever nuanced interpretation a particular U.S. senior official might give it, imposed a limit to what could be done with him. From the standpoint of the Hungarian-American community here and all the political appearances, Kadar could never be sanitized enough so that he could be brought over here and have the kind of contact that we had with Poland and Romania.

Q: Did the Hungarians you were able to engage in private talk have the same impression of Kadar, that he was probably the best you could get under the situation?

DACHI: Oh, absolutely, and they worded it exactly the way you did. They all realized that this whole communist thing was a sham, but they knew that Kadar was good for them because he could get them more than anybody else under circumstances which were totally beyond their control. The intellectuals had their czar, Gyorgy Aczel, who was also personally selected by Kadar and they knew he was the best they could hope for. If you don't have Kadar, you don't have Aczel, and so on down the line. So, yes, everybody appreciated it. In the end, as Kadar started getting old, times were changing and the pace of east-west relations picked up. He was actually put aside a year or two before the Iron Curtain came down. He "retired." The communists who took his place, much more conscious of the realities of a changing world, were the ones who actually brought down the Iron Curtain by being the first ones to allow the East German tourists to leave via Hungary. That, Kadar could have never donThat was when the whole system from Moscow to East Berlin began to unravel.

Q: What role did you find about how the Hungarians looked at the Soviets and also the role the Soviets played there? How did we evaluate this during this time?

DACHI: From the Hungarian standpoint, it was very simple. They had an expression they used every day. It said, "This is what there is. This is what we must love." The ultimate of realism. A small anecdote here: When Daniel Boorstin, the Librarian of Congress, came on a visit, they escorted him around to the usual kind of meetings. He liked to ask provocative questions. People like him could get away with it. I was always surprised at how openly some people answered. When he visited the head of the National Archives, Boorstin said, "Look, two things. First of all, when you were under Turkish occupation for 150 years in the 15th and 16th centuries, the Turks primarily were trying to establish economic hegemony. They ran an economic type of imperialism. Then you were under the Austro-Hungarian Empire for about the same amount of time. The Austrians basically were interested in imposing cultural hegemony and imperialism. Into which category would you fit the Soviet Union?" The guy, without batting an eyelash, said, "Both, but remember one thing. The Turks were here 150 years. The Austrians were here 150 years. These guys have been here for 40 years and they're not going to make 150." The Hungarians have been through a lot over the centuries and are pretty cool customers. The Poles get much more emotional. They hate the Russians viscerally.

Q: Of course, they've been run over. The Russians have absorbethem. It's not the same thing with Hungary.

DACHI: That visceral hate is not there, they looked at it in a more dispassionate way. One of their favorite stories, reflecting the characteristic Hungarian sense of humor is that some thousand years ago when they migrated from central Russia, they fell into the hands of the wrong real estate agents and settled in the worst location they could have gotten. Had they gone a little farther and settled somewhere around where Belgium is today, they wouldn't have had these problems. But they were stuck in the crossroads between Mongols, Turks, Austrians, Germans, and Russians. They have always been under someone's boot. They realized that as a small country, they were sort of condemned to be spectators and all too often victims rather than participants in world affairs. The end of the 1990s, this is a huge period for Hungary because, for the first time, they are masters in their own house. This is extremely meaningful to them for that reason. Historically, it is the first time they are able to control their own destiny and are no longer condemned to be just spectators.

To get back to how did the Soviets look at Hungary, their bottom line was always the same. They didn't want any trouble, any deviation. And with Kadar, they were very comfortable. There were always stories circulating in the west and in our diplomatic cable traffic like "Kadar is going on a visit to the Soviet Union. Is he in trouble? Is he going to be replaced?" What made some people on our side think that we knew he was doing things that no one else in Eastern Europe could get away with. We were always worried that he was going to lose his job. But he never did.

Q: Looking at the map, one can see that, at the time, Hungary wanot what we would essentially call the Soviet front line states.

DACHI: That's right. It was not.

Q: Hungary has borders with Yugoslavia and Austria, both of whom were basically neutralized. Czechoslovakia was poking right into Germany. Even though there was East Germany, Poland was the main supply route if anything happened. Hungary was sort of a backwater.

DACHI: Absolutely. It was not a front line state. That is exactly the proper characterization. Nevertheless, the Soviets maintained troops stationed in Hungary the whole time.

Q: Was there much of a Soviet cultural program and how did it take?

DACHI: There sure was a Soviet cultural program. But I was a lot happier as the American cultural attachï¿½ than I would have been as the Soviet cultural attache. They would truck in the workers and the children from factories and schools to their cultural center. They herded people in there by the hundreds all the time, while we were scratching for every person who would dare come into our embassy library. But all that heavy-handed Soviet propaganda just washed off the Hungarians' backs. It never took. Intellectually, it probably took less than a blink of an eye for the Hungarians to adapt to the collapse of the communist system. Look how quickly they switched to and consolidated a functioning democracy. They, the Czechs and the Poles set the ultimate laser speed record for going from a communist to a democratic regime. In their hearts and minds they were a western-oriented countries all the time. They rolled over, played possum, whatever it took to get by. Historically, they have unparalleled experience as survivors.

People often said to me, "A 70 year old man today, no matter who he is, whether he is a Christian or a Jew, a leftist or a rightist, wealthy or poor, worker or intellectual, circumcised or not, at one time or another during his life, was in danger of being killed whether it be in a world war, the inter-war period, the Nazi occupation, the Soviets, whatever. It doesn't matter who you were. The reasons may have varied and the targets may be different but sooner or later, if you had views and were known for something, it was your turn to get killed." My contacts would sometimes say, "Well, I don't think I can come to this event at your house." I would say, "Why? They seem to be comfortable with you going to these events. You seem to be fine." He would say, "Sure, but they write all this stuff down. You never know, ten years from now, it may be different and they are going to call me and say, You went to that speech by an American journalist. What were you doing there? This stuff could come back to bite me." So, in essence, the overwhelming majority of Hungarians were people who would be extremely careful not to express a view on anything, unless they trusted you absolutely. The way to survive was to never reveal anything of yourself to the outside world. It's the survivor syndrome.

Q: What was the role during this 1973 to 1977 time of the Hungarian-American community? We had received a fairly substantial influx after 1956. There had always been a Hungarian-American community particularly in the industrial area. Obviously, these hyphenated communities always have a clout in American politics. How did it work in the United States in this period?

DACHI: Their primary interest was to make sure the crown was not returned prematurely. They were very much like the Cuban-Americans are today. But they weren't as obnoxious as the Cubans are. They pretty well limited themselves to the crown. I don't think that when Cyrus Vance finally went back with the crown he had overcome all opposition. There was probably plenty of opposition still left in the community, but that sort of took the steam out of it. After that, they did not really play too much of a political role.

Q: You left there in 1977. Whither?

DACHI: Then I went to Panama.

Q: Good God!

DACHI: That's exactly right.

Q: You were in Panama from 1977 until 1978.

DACHI: I was there for about 14 months.

Q: How did you feel about going there?

DACHI: I certainly wasn't thrilled. It was not that I had my heart set on going to some other particular place, nor did I want to stay in Hungary any longer. I wanted to move on. But it was such a huge change in the agenda, the substance of what was involved, the culture, the people, the way things were done. So, I would have been happier to go to a lot of places rather than Panama. As it turned out, it was not too bad. There were some interesting and significant events to get involved in there.

Q: You were at a focal point of one of the keystones of the Carteadministration.

DACHI: That's right. That was the time the Panama Canal treaties were signed. Whatever my experiences in Panama may have been, it laid the groundwork for eventually, 10 years later when my career came crashing down in flames over Panama.

Q: What were the dates that you were in Panama?

DACHI: I arrived there in August 1977 and I stayed until Octobe1978.

Q: What was the situation when you arrived?

DACHI: The same week that I arrived was when the Panama Canal Treaties were formally signed after all those years of negotiation and battle. They had a big signing ceremony in Washington with all the Latin American chiefs of state. That was the situation. That was, in essence, the curtain raiser for the next nine or 10 months' campaign for the ratification of the treaties.

Q: Your job was what?

DACHI: I was counselor for public affairs and head of USIS.

Q: Who was the ambassador? DACHI: William Jorden.

Q: This was a very crucial time. I would have thought that one of the things you all would be doing would be trying to make sure that there was no bad news coming out of Panama.

DACHI: That's true. It was impossible to control General Torrijos, so nobody could "manage" him. But there wasn't that much bad news coming out of Panama. In fact, I think this nine month period was of great historical interest because, to my knowledge, it was the first time in our history that more than half the members of the United States Senate, which is constitutionally mandated to ratify treaties, had actually traveled to a foreign country to look over the situation before voting. One of our biggest tasks was to organize their program so that the senators would come away with a positive view of the treaties and a decision to vote for them.

Q: What was the line that the embassy and you specifically wertaking when these senators came by? What were you showing them?

DACHI: We have to set the stage and the big picture. There were five elements with important interests in Panama. There were very distinct groups of players in this picture that the visitors were looking at. We at the embassy were presenting the rationale for why ratification was in the U.S. interest and, in essence, acting as lobbyists for President Carter. Another major interest group was the personnel of the Panama Canal Company and the American residents of the Canal Zone. Even they were divided between the administrators and employees of the Canal Company and the "Zonians" who were American citizens employed by the Zone administration. There was the Zone police, the Zone courts and others like the teachers at the American schools who had an enormous stake in maintaining the status quo. They were highly vocal in their opposition and held many agitated rallies and marches that were always widely covered by the U.S. media. The Panama Canal Company itself was, at best, neutral in this matter. Deep down in their hearts, they were hoping the treaty would not be ratified. They were in a delicate position, however. They couldn't take that line with visitors; they were formally obliged to support administration policy, but they came very close.

Then there was the large U.S. military establishment, stationed at more than a dozen bases, and the U.S. Forces Southern Command responsible not only for Canal security but covering all of Central and South America. The controversial U.S. Army School of the Americas was there, as was the U.S. Army anti-guerrilla jungle warfare training center. I doubt that very many of them favored the treaty, but none of them ever uttered a peep. In public, there was never any question of their loyalty to the Commander-in-Chief. Then, of course, there was the Panamanian government. And there was the Panamanian non-governmental sector, the businessmen, the Church, and so on, whose interests did not always coincide with those of the government.

On the U.S. side, there was tremendous division of opinion among those who wanted to ratify and the conservatives who were opposed to it. Very prominent among the latter was Ronald Reagan, who at the time was still a private citizen, but who was playing a very prominent role in opposing the ratification. John Wayne was another very actively engaged high-profile opponent.

I think altogether 54 or 55 senators visited Panama before the vote. They represented all the different factions. There were some people who were unalterably opposed when they got there and almost without exception left unalterably opposed. There were some who were in favor when they came and were in favor when they left. And then there was a middle segment of the undecided, perhaps less than a third of the total. There were a lot of congressmen, by the way, who also came who didn't have to vote on ratification but nevertheless got their oar in the water and gave press conferences. A total Panama schedule had to be put together for each visit and provide time for all the interested parties to get their licks in. Each side was trying to reshape their schedule to their own needs. The senators who were opposed to the treaty always landed at a military base in the Canal Zone and had the Panama Canal Company set up their schedule and we at the embassy were lucky if we got to participate in it. That was very definitely slanted in an anti-treaty way. We set up the schedule for the others. The Panama Canal Company had a yacht. They took the people out for cruises on the canal. That took two or three hours and that was the time when they did their lobbying. We also got to be pretty good at it. The ambassador played a very key role in all of this. He was very much an ideal person to be doing this kind of thing. He was an expert on every aspect of the treaties and was very influential. He was involved in the treaty negotiations for years before they were signed, knew all the key players and knew where all the skeletons were buried. He wasn't an institutional sort of person. But he was great for one on one personal massaging.

Q: What was his background?

DACHI: Bill Jorden started out as a journalist and later became a respected Japan expert. He was a personal friend of Lyndon Johnson. Johnson brought him into the Vietnam negotiations in Paris, for one of the early rounds when Ellsworth Bunker was still heading the team. This was one of the rounds that didn't lead to any results. This was pre-Kissinger. Then he became associated with the Panama Canal issue working for Lyndon Johnson at the National Security Council. I think he was Latin American Director there. Then he became ambassador to Panama and Ellsworth Bunker became the chief negotiator of the treaties. So, Jorden had already played a long and extensive role in lobbying earlier with Jimmy Carter's predecessors on the need for a Panama Canal treaty. Then he went down there as ambassador and was very much a part of this mix with Sol Linowitz and Ellsworth Bunker, who by then were the chief treaty negotiators. He worked on the treaty along with those two and Linowitz's principal assistant, Ambler Moss, who later succeeded Jorden as ambassador. Jorden remained in Panama through the ratification phase. Then he retired and went to Austin to the University of Texas and wrote a book about the history of the treaties. Very complete and comprehensive.

Q: What was your impression of Panama, how the country was running?

DACHI: Panama has never really been a country, to put it a little bit unkindly. It was always a financial trough surrounded by a bunch of operators and entrepreneurs feeding off of it in various ways. As in other Latin American countries, there was a small, wealthy oligarchy that controlled the economy. Then there was a majority of mestizo type people, most of them very poor. There was a constant alternation in power between the national guard, the only military force in Panama, and various civilian governments who would get elected and then get overthrown, elected again, overthrown again. So, certainly, there was no institutionalized democracy nor really a functioning government.

I had come there from Hungary and the contrast to me was startling. For example, the Foreign Ministry in Panama was nothing. It hardly functioned at all. It had one or two people working on U.S. relations, but they had no role to speak of in these Panama Canal issues that we were working on. A lot of other ministries were one or two people and a bunch of bureaucrats. The thing was run single handedly by General Torrijos, the dictator and commander of the Panamanian national guard. He didn't even really have an office. He used to go to the beach where he had a cottage and laid in a hammock, a glass of whiskey in his hand and an assortment of women to cater to his every whim. That is where he would receive not only the ambassador, but the senators and the congressmen. Occasionally he would see them at his home in Panama. But, you usually would have to go to the beach to see him. My idea of some kind of institutional government didn't exist and there certainly was no political structure.

Q: What about the Panama Canal Company, what were the relationbetween it and the embassy and what was your impression of this entity?

DACHI: As an entity, the Panama Canal Company was an extremely competent and efficient operation without a doubt. It was run by top professionals. The head of the Canal Company and the Governor of the Canal Zone were one and the same person. They had the most experienced pilots and professionals in charge of the operation of the canal. This was all a legacy of the way the thing was built to start with. It was an admirably efficient and modern operation in every respect. The basic premise of the people who had invested their lives into running that company was that we, the United States, could not afford to give that up and that the Panamanians basically would never be competent to run the zone much less the canal. Therefore, most of them felt deeply and often vehemently that to proceed with the treaty was totally contrary to U.S. interests.

Q: In a way, the world had gone through one of these before, the Suez Canal back in 1955/1956, where the conventional wisdom was that the Egyptians would never be able to run the canal. Therefore, it has to be in the hands of the British. Was the example of the Suez Canal something that came into the conversation and into the calculations?

DACHI: No, it never did. Neither the Panamanians nor the Canal company people were especially known for their global outlook. This was almost completely a dialogue of the deaf. To make a lame pun, it was like two ships passing in the night. There was no basis for conversation. When I got there, the treaty had already been signed. Perhaps before the treaty was signed, while it was still being negotiated, there may have been if not conversations, bitter debates about what we should do. But once the treaty was signed, the die was cast and there was no more point as far as the canal people were concerned. The only hope they had was that some sort of passive resistance or subtle non-cooperation would somehow prevail and the treaties would not be ratified. That is where they placed their hopes. There were a lot of people in the Panama Canal police force who were saying, "Once Panama takes over, not only are we out of a job, but who is going to keep the Zone safe, who is going to keep these Panamanians in line? The people who work with the canal are going to be retained and work here, but there will be no protection for their homes. We'll have no legal protection. We will come under Panamanian laws. We will lose our commissary and so on. Our entire way of life, free housing, etc., will all come to an end." In their minds their very existence was seriously threatened. Everybody was dug in concrete on this issue.

Q: When you were talking to the senators, were you using as sort of a not very subtle weapon saying, "Look, these are a bunch of people who are hard working, but at the same time, their living pretty high up?" I'm talking about the Americans who had free housing and all that. So, their judgment is not one to prevail.

DACHI: I would characterize it as sort of an unspoken rule that nobody at the embassy, including the ambassador, would ever say anything, certainly speak no evil of anyone in the zone and no one in the zone would speak evil of the ambassador. There was never anyone there in a visiting delegation who would hear such comments from one side about the other. Each side was just trying to avoid antagonizing even one senator. It was really a rigid, tense, uncomfortable situation. Superficially, everyone was polite. But people were dug in on opposite sides of the issue. There wasn't what you would consider reasoned dialogue for one instant that I ever recall.

Q: How about with the senators? Did you find, by and large, thewere asking the right questions?

DACHI: Some of them were. A lot of the conservatives like Jesse Helms and others came down, but their minds were already made up. There were some people on the other side, those in favor of ratification, whose minds were made up as well. But there were key people who kept an open mind. That included some very senior and major players in the senate like Howard Baker, Robert Byrd, Paul Sarbanes and Wendell Ford. We carefully and deliberately concentrated on those who were uncommitted and wasted little time on the hard line opponents who were obviously never going to come around. The key to the visits wasn't so much what the embassy or the Panama Canal people said, the senators knew those positions, but what their take on General Torrijos would be and what he did and told them. In the end, what it boiled down to in the minds of most senators was "Are we going to give the canal to this man, who is a dictator, this guy who may not be threatening us directly, but is making friendly noises with Fidel Castro and Qadhafi, and who may be involved in drug running and corruption. His brother, Moises, was widely believed to be involved with the narcotics trade.

Ronald Reagan, still a private citizen but with plans to run for President, played a big role in the anti-treaty campaign. He was brought into it in an interesting way. A man in Panama by the name of Arnulfo Arias had been elected President four different times. Each time he was overthrown by a military coup. The last time, it was by Torrijos in 1968. Arias was a popular, demagogic populist who was sort of right-wing. After the 1968 coup he went into political exile in Miami and took his entire coterie of political aides with him. They turned into very skillful lobbyists for their cause. They got to people like Ronald Reagan and others saying, "Look, yes, there should be a Panama Canal treaty. We should get our canal and our canal zone back. It is the right thing to do. But don't give it to this military dictator who has overthrown a legitimately elected democratic government. Insist first that there be a return to democracy, have elections. Then give the canal to me. Don't give it to Torrijos." Arias was sure he would get reelected easily. This is what carried the day with Ronald Reagan and other conservatives. They were dead set against "giving away the Canal" to Torrijos whom Ronald Reagan called "this tin horned dictator." They wanted Panama to return to democracy first and give it to Arnulfo Arias.

Anti-treaty senators always reminded Americans that Torrijos was a dangerous, out of control dictator who was posturing at the United Nations, denouncing the United States and boasting of being an ally of Qadhafi and Castro. In private, Torrijos would always claim that he did these things as a political ploy to pressure the United States into giving him the canal, without fully appreciating that this was like feeding raw meat to the treaty opponents. Many of the key conversations with senators while he was swinging inebriated in his hammock at the beach, consisted of vigorous give-and-take on these points. Some of the greatest anecdotes about that whole period originated there. On the whole, he managed to charm most of them, and win over quite a few. He was a crude, vulgar man, but he had great political instincts and he sure did know how to handle American senators, who were always impressed with his earthy style and shrewd debating skills, whether they agreed with him on the substance or not. Even Jesse Helms was impressed, although quite obviously he was not about to be won over.

I would say the balance sheet of these congressional visits was that of all the people who came, everyone who was opposed when they arrived left the same way. We didn't get a single pro-ratification vote from anyone who arrived there opposed. On the other hand, not a single senator who came there uncommitted or in favor ended up voting against the treaty. I think we were successful. The treaty was ratified by the requisite two-thirds majority, without a single vote to spare.

Q: Here was Torrijos as the man. As it turned out later, he died in a helicopter or airplane crash. Within the embassy, those who were having to look beyond the ratification, was there concern after Torrijos? Was there concern among yourselves about Torrijos if he took over the canal?

DACHI: I think it was always clear that after the treaties were ratified, nothing much would change right away as far as the canal operations. First of all, there was a long transition. This was back in 1978. There was a period of about 11 years where the majority of the board would be American and the minority Panamanian, then in 1989 that ratio would be reversed. The military bases were not going to be handed over until the year 2000. Back then I don't think there was anybody around down there who thought that the year 2000 would ever come around. So there was to be a long transition period. We're talking about a 20 year period in which the Torrijos types would not be able to exercise full control and our military presence would continue. Torrijos always made it clear that he wasn't interested in a forcible political takeover. After all, Panama desperately needed the revenue from that canal. Any Panamanian would know, including Torrijos, that it had to be a professionally run operation or it would fall apart. And they would need U.S. help with that for many years. So there was no problem with that. His political stance was, "You want democracy? All right. You give me the treaty and I'll give you democracy afterwards." And, in a limited way, he kept his word.

Q: Were you looking at the figures that the Panama Canal was ceasinto be as important as it used to be because of changes in transport?

DACHI: There are a number of factors which have been making the Panama Canal somewhat less important over time. You could argue that. But any way you cut it, thCanal continues to be of extraordinary importance. Even today in 1997, if you look at the number of ships and the tonnage that goes through there, that place is being utilized at full capacity. They just widened the Gaillard Cut so it can handle two-way traffic 24 hours a day. Even though there is an increasing number of ships that are too wide to go through the canal, the number of ships that can go through is also increasing. You may need other ways to transport goods across the isthmus, including a container line on land. But the canal is always going to be needed. It has been expanded, upgraded and modernized, because the need for it remains.

Q: What about the American press? They would play an important role in molding American public opinion and would help sway undecided senators. Did you find you had much American press coverage?

DACHI: Oh, yes, there was quite a large presence. We're talking about a nine month period in which there was almost a permanent presence, including television. They were usually looking for the spectacular, showy things. When anti-treaty senators came, Torrijos would always pull some kind of a stunt. He would organize demonstrations in front of the embassy for their benefit, and the media loved to cover those. When they came into Panama City, these senators would always be circumspect and never attacked or insulted Torrijos, but when they returned to the canal zone and held a press conference, they would call him all kinds of names. They were hoping to provoke some intemperate response from Torrijos. So, the senators were pretty good copy.

The question always was, what is going to happen if the Senate denies ratification? Is that going to cause violence, the breakout of some kind of revolution, or what? Torrijos always said that, no, there wouldn't be any violence. But a lot of the senators used the usual arguments and said, "We've got a lot of U.S. citizens living there and we're obligated to protect the lives of U.S. citizens." Of course, that is the code word for military intervention. Everybody knew that. There was always talk about whether Torrijos will be able to guarantee the safety of Americans after there is no more Panama Canal Zone and no more zone police, or conversely if the treaties were rejected in the senate. That was an explosive issue. As it turned out, one of the last amendments to the treaties and the one hardest for Torrijos to swallow was the clause retaining for the U.S. the right to intervene in Canal operations if our security interests were threatened even after the year 2000.

Q: Was there much contact between the embassy and yourself and th"Zonians," as they were called?

DACHI: Very little contact. I myself as public affairs officer had regular contact with the public affairs officers of the Panama Canal Company and the U.S. Forces Southern Command, which was very important and necessary. We were working together all the time, for different bosses and different purposes, but not at cross purposes. There was a certain courtesy in informing each other of what we were doing. But beyond that, there was very little dialogue between embassy people and Zonians and hardly any socializing.

Q: What about with the Panamanians?

DACHI: The Panamanian "friendlies," such as they were, were mostly in the business community and among the well-to-do. A lot of them went to school in the United States and were overwhelmingly pro-American. But they were outnumbered, at least in terms of decibel power in the streets by a huge leftist element, the university students, the unions, the peasants, Torrijos' popular base. There was tremendous hostility at the universities. That was where the demonstrators came from. The press was also very anti-American, very hostile. I can't think of more than a tiny handful of journalists who were even remotely objective. The inflammatory anti-American language which was used for years as they were fighting for the treaties was carrying over into the ratification process. That was one of the things that Torrijos had to deal with. He had to reign in and tame these so-called revolutionaries, the leftist extremists and the provocateurs. The same language they had to use to confront the U.S. and try to get the administration to give in to them on the treaty obviously wasn't going to work with the Senate and the ratification process.

With the business community, the professionals and the civilian leadership, we had good relations. The thing that united all Panamanians, everyone agreed, was that the treaty should be signed, approved, and ratified. There may have been some who felt that democracy should be allowed to return first, but at that point, that argument held a low priority in Panamanians' minds. It was only in certain circles in the U.S. where people felt that we should hold back on ratification until elections were held. Arias was certainly no role model for a democratic leader. In the end, some time after the treaty was ratified, elections were held and Arias came back. But he was getting very old by then. Then General Noriega got in the picture.

Q: Was there concern at this time about narcotics in Panama?

DACHI: Yes, absolutely. Torrijos' brother had been widely considered to be involved in narcotics trafficking. Colonel Noriega, who at the time was head of security and intelligence for Torrijos, was also strongly suspected of being involved in narcotics. That plus all the other things he was subsequently accused of, playing both sides, playing footsie with the Cubans while playing footsie with us. That was all going on then. There was also widespread corruption in the Colon free zone on the Caribbean coast with involvement of National Guard officers up to their eyeballs.

Q: What did we do? We couldn't sit on it. Did you explain thiproblem away?

DACHI: It was not convenient for us to focus on this at that point in time. But everybody on the U.S. side who was involved in this thing knew what was going on. Jimmy Carter wanted his treaty, and it was now or never. Everybody figured we'll deal with these other problems later. The Cuban intelligence agencies were using Panama as their number one center of operations for all of South America. It was a safehaven for guerrillas being trained in Cuba transiting to and from South American countries. Panama provided safehouses, false documents, all kinds of other support. All this stuff was known. The question was, what can we do about it? You had a treaty and it had to be ratified. It just couldn't be put off any longer.

Q: What about after the treaty was ratified? You had been therabout nine months. Did that change things at all?

DACHI: It calmed things down, yes. Win or lose, the game was over. Everyone went back to the locker room, showered, dressed and went home. It calmed things down considerably. The next thing that happened was that Jimmy Carter came down for a formal ceremony to exchange the instruments of ratification. That created a great public event, of course. In Panama City, he was received very well. Torrijos organized a huge public gathering where he and Carter spoke to a huge crowd. Carter was welcomed there as a hero. Then, much to his credit, he went into the Zone. He visited the locks and observed canal operations. He had a meeting with Zonians at a stadium to answer questions. They were polite with him. It was tense, but correct. There were no incidents. Shortly thereafter, they switched their efforts to lobbying to make sure that, as they lost their jobs, their benefits would be paid, they wouldn't lose housing, they could retain their commissary for another couple of years, the schools passed over to the Defense Department and kept open. There was no bitter aftertaste that expressed itself.

After Jimmy Carter left, Bill Jorden retired and Ambler Moss became the ambassador. I had one last job there, introducing him to Panama. I set up a slightly unorthodox schedule for him in the sense that, parallel with making all the customary calls of a new ambassador, I took him all through the canal zone and had him spend quite a bit of time there. He visited schools and canal installations, met with workers, teachers, the police, the military. It was like a political campaign for Congress. He made a lot of speeches and stressed that all of us as Americans now have to respect and cooperate with what the administration has signed and Congress has ratified. Moss then concentrated on this and did an excellent job of getting the implementation process underway. As for myself, I was transferred.

Q: You left there in 1978. Where did you go?

DACHI: I went to Washington and spent the next six years there.

Q: 1978-1984.

DACHI: Right. First I was deputy area director and two years later director for Latin America and the Caribbean for USIA.

Q: 1978-1984. You were there during a tumultuous time after a while. I'm talking about when the Reagan administration came in.

DACHI: Absolutely.

Q: Let's talk prior to the Reagan administration coming in, which would be 1978-1981. What was the atmosphere concerning USIA? What were your concerns in Latin America and the Caribbean?

DACHI: That was the early period after the Sandinistas had overthrown Anastasio Somoza and come to power in Nicaragua. It was a time in which everyone was waiting to see whether the Sandinistas were going to turn into Castro-like communists or whether we were going to be able to find a modus vivendi with them. That was one of the big questions. Another issue was that Jimmy Carter, having successfully navigated the Panamanian treaty waters, now thought that maybe the time had come to start to make some progress on relations with Cuba.

The whole time I was there, there was this bizarre inversion of priorities in U.S. interests. While the huge countries in Latin America like Brazil, Argentina, Mexico were receiving virtually no attention from us, all our priorities, concerns, resources and efforts were going to the countries of Central America and Cuba. That is what I remember spending most of my time on. It was a strange thing. In the USIA Area Offices you had a director and a deputy director. Before, the director always dealt with the big issues and the big countries and the deputy did the small ones. The whole time I was there, it was the opposite. I was crashing on crises in El Salvador, Nicaragua, Cuba, Jamaica, Grenada, and so on. My deputy worried about "insignificant things" like Brazil and Mexico.

Q: Let's stick to the Carter years first. What about Mexico? Werthere any issues then?

DACHI: There were plenty, even though we rarely focused on them. And they were vastly different from what they are today. There was a dividing line that occurred in the Reagan period. Prior to that, the "old Mexico" was basically one that followed a policy of anti-Americanism and a distinctly Third World foreign policy. They were unusually friendly with Cuba, and were one of a small handful of Latin American countries to maintain diplomatic relations with them. They opposed us vehemently in Central America. Even when Jimmy Carter was President and there was movement on the Panama treaties, they were still sticking their fingers in our eyes on all sorts of other issues. A few years earlier they even supported the infamous U.N. resolution that equated Zionism with racism.

In those days, they were just an unfriendly country that complicated our relations with other Latin American countries. Whatever we were for, they were against. They had a huge impact on their hemispheric neighbors. No leader dared to agree in public with the U.S. on any foreign policy issue, for fear of being accused by the Mexicans of "selling out to the gringos." They always had to be a little more anti-American than anybody else, particularly on political issues that they felt would not affect bilateral relations too much. That was the only way they could show their independence from the U.S. even though, of course, on the economic side they were almost totally dependent on us and painfully aware of it. Things really started heating up in Mexico when Jose Lopez Portillo became President. Mexico became a big oil producer, the narcotics issue began to rear its ugly head and before long big-time corruption entered into the picture. Mexican banks were nationalized. Then their currency, the peso, collapsed. (For the first time). A few years after that, as the global economy began to take shape, they finally realized that relations with the U.S. had to be totally turned around.

Q: When you came first to the Latin American desk of USIA in 1978, what was the feeling about the Sandinistas at that time? Was it a little bit rosy colored, we could do business with these people?

DACHI: I would say that there was always a great deal of suspicion that we couldn't work with these people. In other words, it wouldn't be fair to accuse Jimmy Carter of having been taken in or siding with the Sandinistas. I don't think that's true. I remember very clearly because I was directly involved in this particular thing, the Sandinistas' first argument was, "We want to be friends with the United States, but you have to understand that we are not responsible for the debts of the Somoza government and you are going to have to give us a lot of economic assistance to atone for your past sins, plus we deserve it." The Carter administration had its doubts whether we could work with the Sandinistas, but decided to give the constructive approach a chance. They patiently started working with Congress to come up with an aid package for them.

As soon as Congress approved a modest aid program, it became high priority for us to monitor whether they were going to publicly give us credit for it and stop attacking us so ferociously about our past support for Somoza, whether it was going to have any impact on their policies, whether they were going to continue to be "buddy-buddy" with the Cubans, and whether it was true that they had accepted Soviet and North Korean advisors. National Security Advisor Zbigniew Brzezinski wanted to make sure that the "comandantes," as the top Sandinistas were called, didn't just quietly pocket the aid and continue to openly side with their leftist allies. Most importantly, Congressional approval of the aid was specifically conditioned on the Sandinistas not providing military assistance to their fellow guerillas in neighboring El Salvador, where an insurgency was getting underway. He wanted to keep an eye on that.

Brzezinski asked USIA to give him a weekly summary of everything that was said in the Nicaraguan media about the United States, about any assistance we gave them, and about relations with their communist friends and allies. I ended up with the task of putting that summary together. I remember making a trip down there. I arranged to get FBIS reports, Managua newspapers, and asked our FSNs to send media summaries. I would go through a mountain of material, track every word uttered by the Sandinista leaders as reported in the media and systematically catalogue what they had to say on all these issues. We would boil this down into a one page summary that was sent to Brzezinski every week. Most of the stuff in those reports was not what the White House was hoping to hear. The tone of the comandantes' public utterances as well as the substance of their actual deeds did not change much. Our aid program was virtually never mentioned.

By the time of the 1980 Presidential election, there was already a lot of evidence piling up that in spite of the fact that we had conditioned our aid, the Sandinistas were helping the Salvadorean guerrillas, materiel was filtering across the border and they were, in fact, surreptitiously but wholeheartedly cooperating with them. Some warnings were already going out, even before the election, saying, "Hey, you do this and we're not going to be able to continue with the aid."

Between the election and Ronald Reagan's inauguration, these things started to come to a head. I was down there on a trip at the time. I personally witnessed some of these things. Robert White was our ambassador in El Salvador. I was present at a country team meeting when he said, "There is no doubt the Sandinistas are giving aid to the FMLN, as the Salvadorean guerrilla front was called, and this is going to screw everything up. We can't allow this to happen." He called a press conference to say it publicly. After he left there, he spent the rest of his life bitterly denouncing the Reagan administration's subsequent policy toward Nicaragua. But he was the first guy, and I heard him myself, fingering the Sandinistas at that press conference.

The ambassador to Nicaragua was Lawrence Pezzulo, a brilliant man who was an outstanding ambassador. He was doing all he could to make it clear to the Sandinistas that continued aid to the FMLN was going to bring on a serious crisis in our relations. This also happened before the inauguration. I was present at a dinner at the Residence, and I heard him tell the Sandinista leaders directly that aiding the Salvadoreans was going to result in the suspension of our aid and that Ronald Reagan was not going to let it pass without a vigorous response. After the inauguration that is indeed what happened. Both of those ambassadors were replaced soon after Reagan's inauguration. I think they both did an excellent job in the transition, although neither one could support the new policies of the Reagan administration. I also remember being at an event in Washington prior to the inauguration, where I sat with a friend who was to become the Latin American director of the National Security Council who told me something to the effect that "Soon after Ronald Reagan is inaugurated, you are going to see a group set up, armed, and trained to combat and try to overthrow the Sandinistas."

Q: Who was this?

DACHI: This was Roger Fontaine. He told me outright that it was going to happen. The consequences of that fateful decision came to have a major historical impact on our foreign policy for the next ten years. Its roots lay not only in the deep distaste of the Sandinistas but also in the strong accumulating evidence that they were not going to be content with taking over Nicaragua but were already actively engaged in trying to spread their revolution to El Salvador. In effect, it was a reprise of the "domino theory," and not without justification.

In subsequent years, I was drafted for many public affairs shows that were put on regularly by Ollie North at the White House explaining or " selling" the Reagan Central American policy. (That was well before the days when the "Iran-Contra" issue surfaced.) I became the USIA point person at these briefings. I was also sent around to give lectures and explain the policy throughout Latin America and several countries in Europe, including Socialist International meetings in Spain and Finland. It was not a very popular policy, to put it mildly, and I had a rude initiation to what it was like to face hostile audiences. I was thrown to the lions, in a manner of speaking. I was certainly easily dispensable. But, to be honest with you, I sort of enjoyed the task. I love being involved in a passionate political debate.

Q: You were a designated target.

DACHI: I was a designated target. I went in there and did my best. I mixed it up with the best of them. Larry Pezzulo, whom I admired greatly, never forgave me for it. My position was, I work for the U.S. government. I have been designated as a spokesperson. I am going to go out there and be the most articulate spokesperson that I can be for the policy of my government. Larry felt that was not correct, that I should have refused to do it.

Q: Can you tell me about the transition in USIA? I have lots of people who were in ARA in the Department of State during the transition period between the Carter and Reagan administration, whereas in Africa, the Near East, and European Affairs, it was a fairly peaceful thing. There was almost blood in the corridors in Latin America. What about USIA?

DACHI: That didn't happen there. I was deputy area director in thCarter administration and became director in the Reagan administration.

Q: How do you attribute this? It was a hostile takeover in ARA ithe State Department, no ifs, ands, or buts.

DACHI: There were a couple of reasons. First of all, the State Department is a hell of a lot more important than USIA. It is something that any administration watches closely and USIA is something that it pays attention to rarely, if ever. But that is only a small part of the story. The Reaganauts were all convinced that "the liberals at the State Department" were responsible for everything that had gone wrong in Central America.

The first guy to get slaughtered even though he was totally innocent, was Bill Bowdler. He got a phone call out of the blue on the first day of the new administration and was bluntly and unceremoniously told he had twenty-four hours to clear out of his office. Nothing further was said. Bill Bowdler was a consummate professional with an impeccable track record as a diplomat and ambassador. He was absolutely apolitical, a man with the highest standards of ethics and integrity.

Q: Yes.

DACHI: That was just unconscionable what they did to him. On personal grounds, there was absolutely zero justification, none whatsoever. It is one of the most blatantly unfair things that I have seen in all the years. He didn't deserve to die such an ignominious political death for the perceived sins of his superiors and associates.

The deputy assistant secretary who aroused their ire more than anyone else was Jim Cheek. They were just as bitterly and viciously vindictive against him. The rest of the people just sort of disappeared on their own. His story is a fascinating one. He spent the next twelve years in "deep exile," first at Tufts University, then as deputy chief of mission in Nepal and finally as chargï¿½ d'affaires in Ethiopia. Toward the end of the Bush administration he finally gave up and decided to retire. He went back to his home in Little Rock, Arkansas. Imagine his surprise when his fellow Arkansan, whom he knew from earlier days, became President of the United States. Next thing you know, President Clinton put him in charge of the transition at the State Department. How about that for "the last shall become first." Soon thereafter, he became ambassador to Argentina.

At the time of the "massacre of 1981," Jim Cheek was the Deputy Assistant Secretary responsible for Central America. He was the lead person in articulating the Carter policy for that region, which he believed in and fully supported. He would go down to Central America and lecture to business people about their "reactionary attitudes" and preach to them about acquiring a social conscience. So, when Roger Fontaine and these guys came in, they really zeroed in on Jim Cheek more than anybody. He had been outspoken on the opposite side of every issue they believed in. He was particularly vocal in denouncing human rights violations by the Central American military. There was a cutoff of military cooperation with El Salvador in the Carter administration, which was very controversial. He was a point person for that, although the principal author of the policy was Pat Derian, the Assistant Secretary for Human Rights.

The linkage between military assistance and human rights has been, and still is the cause of bitter divisions in the foreign affairs community. The rationale for our military assistance and training programs always was that it is the best tool for gaining access and influence with foreign military leaders, the better to inculcate them with support for democracy and respect for human rights. Cut that aid off, and we lose all chances to advocate our views, thus taking off the restraints on potential military coup leaders and human rights violators. And back in those days, military regimes were in power in a lot of Latin American countries. The other side of that coin has been visible in many battles in Congress over the years about cutting off funds for the U.S. Army School of the Americas. Those who have fought for that cutoff argue that our training and assistance programs, far from restraining them, have aided and abetted Latin America's military dictators and human rights violators.

Pat Derian was adamant about cutting off military aid to all Latin American military regimes throughout the Carter years. Among those whose aid was cutoff were the military in El Salvador. By the time the FMLN guerrillas became a major threat there, the military, with nothing to hope for by way of aid from the U.S., threw all restraints to the winds and became the most egregious human rights violators in the hemisphere. Thousands were killed, with a number of American clerics among them.

That unleashed the justified fury of many human rights and religious groups in the U.S. But it would have been heresy in those days to ask the question "If we had continued to work with the military instead of turning them into pariahs, could any of this have been avoided?" Pat Derian would never abide it. Whatever the merits of the issue, a large part of the Reaganauts' anger against Jimmy Carter's Latin Americanists and the personnel purges that followed could be laid at the doorstep of this watershed issue. They blamed that policy for allowing the Salvadorean guerrilla problem to get out of hand and providing the Sandinistas with an opening to get involved.

Another thing that bothered the Reaganauts was that most of the Latin Americanists at U.S. universities were considered to be leftist liberals and were exercising inordinate influence in the Carter administration. When Reagan came in, the few prominent people from academia with a conservative bent came out of the woodwork and joined the administration. Foremost among them was Jeane Kirkpatrick, one of the few who was actually quite well known and did in fact enjoy considerable respect both as a conservative and as a professor at Georgetown University. She was very critical of what she called the "blame America firsters." That referred specifically to all those "leftist" academics who were the bane of the Reaganauts' existence. Then there were a bunch of other conservative Republicans with academic credentials who over the years had not achieved many tenured professorships at the "better" universities in the U.S., or so the reasoning went, because of their political leanings. As they saw it, they were locked out by a closed, elitist circle of leftist academics who were king of the hill on most of these campuses. There was blood in the water. Several became ambassadors.

Q: Many of them were at the University of Arizona and the Universitof New Mexico, not exactly in the center of academia.

DACHI: They always felt embattled. They were never accepted by the powerful people who ran the establishment of academic Latin Americanists. They came in with a vengeance as ambassadors, Jim Theberge and several others.

I recall an interesting little anecdote that happened to me at that time, in the months before the Reagan inauguration. Sometimes you get credit for great things you don't really deserve, just like sometimes you take the blame for things you don't deserve either. In this case, I got the credit for something that, admittedly I did, but I was barely conscious of. USIA had a speakers program, called "American Participants." Prominent people in various fields were sent overseas as lecturers. In election years, they usually included speakers representing the views of both parties. They would speak around the world on the election process. I was the deputy area director then. One day, a memo came my way. Would I sign off on a new list of proposed speakers? Two of the speakers were Jeane Kirkpatrick and Roger Fontaine, who were supposed to go to Latin America to talk about what Ronald Reagan's foreign policy would be if he became President. This was always an important part of our election year program. We were supposed to send people from both sides. I can confess now, I didn't know who these people were. I just signed off on the whole list. They were all academics. They went over there. Jeane Kirkpatrick in particular, was quite outspoken in Argentina and Uruguay. She said that Latin American policy under Ronald Reagan would totally change, which was the truth. She spelled out very clearly all the ways in which it would change. And, it did, in fact, change.

Q: One of her basic themes was, we should stop beating up on thesdictators because there really isn't much to replace them.

DACHI: Right. One of her most memorable statements was when she drew a distinction between totalitarian and authoritarian governments. In those days, everyone knew that no communist government, once in power, had ever been overthrown and no one could imagine that it would ever be, much less that it could be changed by peaceful means. She argued that improving relations with authoritarian governments was justified because, contrary to communist regimes, there was a reasonable chance that we could help bring about some change for the better or a transition to democracy. Subsequent events in Latin America proved her right. But all this was anathema to Brzezinski. When he found out that she had spoken under USIA sponsorship, he was absolutely enraged. He demanded the head of the guy who authorized these people to go out. That was the first time I even realized that it had been me who authorized this. It was so routine at the time that I never focused on it. As it turned out, the senior career officer in USIA, the Counselor of the Agency, Jock Shirley, knew me very well. He went to bat for me and defended me. First of all, he thought I had acted correctly. He went head to head with Brzezinski and said, "Leave this guy alone. He was doing what he was supposed to do." So, I survived. Then when this became known to Jeane Kirkpatrick and Roger Fontaine after the Reagan inauguration, they thought they had discovered a stealth sympathizer, a kindred spirit who had been a mole in the Carter administration. What was I going to tell them, that I didn't know what I was doing?

Q: What about Charles Wick coming in as the Director of USIA? Diyou feel his hand at all in Latin America in what you were dealing with?

DACHI: I most certainly felt his hand, but in Latin America I felt the hand of a lot of people, his being far from the heaviest. I was the guy who was carrying the water in USIA on Latin America, so all the ideologues from the new administration were telling me what to do. Wick did not involve himself that much in Latin America, and he was never anything but correct with me. He was trying to remake USIA into the most effective instrument to make his friends, Ronnie and Nancy (Reagan) look good. He was a colorful personality with a very idiosyncratic style. He infuriated a lot of people by the way he worked, including me at times, and he could be very unkind to people on his staff.. But he didn't see himself as an institutional leader. He saw himself as a man who was out there to get this thing to work for Ronald Reagan. He certainly was not an expert in institutional management. But in spite of his shortcomings, when all was said and done, he got USIA more money and visibility than any of his predecessors or successors in recent times. He left USIA with a global television capacity that it couldn't have gotten any other way and, for or better or worse, aroused a degree of interest in Congress that no one has been able to equal since. USIA would certainly not have been "consolidated" into the State Department if he was still at the helm.

Wick acquired a reputation in foreign affairs circles as a bit of a laughing stock. That doesn't mean, however, that anyone forgot who his patrons were. His wife in particular was a close personal friend of Nancy Reagan. Even when they were in the White House, the Reagans had Christmas Eve dinner at the Wicks' home every year. For Christmas dinner, the Wicks went to the White House. So people knew better than to trifle with Charlie Wick. Directors of USIA used to attend the Secretary of State's weekly meeting. Wick didn't exactly acquit himself honorably in those meetings. He certainly wasn't a foreign policy specialist, nor did he pretend to be. There were a lot of things he wasn't interested in and in those areas he let other people run the agency. On the other hand, he would fall in love with producing certain television spectaculars that he thought would make a global impact.

There was the famous case early on, when the communists clamped down on Lech Walesa in Poland. Wick ordered up a television production called "Let Poland Be Poland." It was a tacky political propaganda film and it bothered a lot of people that such a thing was made by USIA. But it was a Reagan priority to support Lech Walesa. When the Soviets shot down a Korean airliner, he put together a TV program that was played at the UN and showed the world the culpability and perfidy of the Soviets. Some people also sneered at that, but it did make the Soviet representative at the Security Council squirm uncomfortably in public view. People say he politicized USIA, and maybe he did, but that was a lot better than Joe Duffey, the last director, under whose addled bungling USIA was allowed to disintegrate and be gobbled up by the State Department.

Q: Let's talk about some of the issues you had to deal with in the El Salvador/Nicaragua period from 1981 to 1984. You became the spokesperson in USIA. I go back to Vietnam, where I served. We had a tremendous USIA presence there in dealing with Vietnam. Was there a comparable proportionate reallocation of personnel and funds onto Nicaragua and El Salvador?

DACHI: Yes, there was, and to Honduras as well, where the Contras were based. There was a huge permanent media presence in these places. It was vitally important to us to present our side of the highly contentious issues in play as effectively as possible. We were "crashing" on some crisis or another every single day. In that sense, the similarities to Vietnam were quite evident. We provided public affairs support for the push for free elections in Nicaragua and an end to human rights violations in El Salvador. We were trying to prop up the fragile Christian democratic government of Napoleon Duarte there and later trying to avoid a right-wing party that included the infamous Major Roberto D'Abuisson, reputedly a notorious killer, from being elected. But it happened anyway. We were heavily involved in denouncing and exposing the murderous activities of death squads in El Salvador and D'Abuisson was widely believed to be one of their principal leaders. And, of course, keeping "the lid on" and putting the best face on our involvement with the Contras in Honduras was a never ending and excruciatingly sensitive task. There was a huge American presence there, intelligence, military and otherwise, in connection with the Contra war. There was a tremendous amount of time, resources, and effort spent in "putting it in context," providing the rationale, and justifying it.

To this day, I think about my role. I can possibly be criticized for having been overzealous. I thought of it as giving my best effort. My job obviously was not to make policy, I don't recall having been elected to do that. I had a job to explain the policies of my government and it was my job to do it as well as I could. I thought of myself somewhat like a lawyer. You have a client, you know who you're working for, what the policy is, and you put that policy into the best light. In any event, I was politically more comfortable with the Reagan foreign policy than I had been in the Carter administration. That doesn't mean I agreed with all of it, but my personal views on these matters were beside the point. So, even though there were people who thought that I was too vigorous, I was out there advocating as well as I could.

Q: Did you find the fact that you had cut your teeth on the Panama Canal issue with Torrijos that this was pretty good preparation? On the Panama Canal, we had to do it. It was a messy thing, but we did it. It seemed to come out alright. In a way, he wasn't the most wonderful person, so when you moved over to the rest of Central America, none of the characters were saintly.

DACHI: Yes, Panama indeed was good preparation for what lay ahead. But in many ways the issues in Central America were much tougher. The main charge we faced this time around was that we were trying to overthrow a legitimate government in Nicaragua. That we had no place questioning its legitimacy even though it was not democratically elected. That we had no moral standing to question the legitimacy of the Sandinista revolutionary forces, because all we had ever done in the past was to support the Somoza dictatorship. And, there was more. We were "in bed" with a pretty questionable bunch of people in Honduras. Some of those fighting on the Contra side were no choir boys either. In El Salvador, they had all these guys in the army that had killed nuns, killed Americans, massacred peasants, and killed the Archbishop of El Salvador, and we were powerless to stop it. These were messy issues, to put it mildly. They were saying, "You denounce the Soviet Union when it invades Czechoslovakia, but you don't hesitate for a minute to intervene militarily in Central America." It seemed to me that there was quite a distinction there, but the critics were not inclined to admit it.

Q: Let's talk a bit about this European trip you made trying to explain particularly to the socialist side. I have a feeling that, particularly on the relatively moderate left of Europe, particularly at that time, there would be a great deal of joy... It was almost automatic that they would come out against the United States, whatever we were trying to do, and to overembrace the Sandinistas, who had become the focus of the chattering class, the liberals and the socialists. Did you find yourself up against this?

DACHI: Absolutely. They really went after me about it in places like Finland and Spain. At the lofty plane on which they considered themselves to be, it was easier to be judgmental. And preaching to the United States was a popular pastime, particularly in Socialist International circles. But, I also had a big advantage. I was a small fish, and they knew I had no policy input. They felt that here was a middle level bureaucrat sent out to parrot the administration's policies, so there was no point in arguing with me. I wasn't worth engaging and they were not going to push me too far. Besides, I did not rank high enough to rate as a worthy dialogue partner in the eyes of these people.

Q: Could you talk a bit more about your dealings with lieutenancolonel Oliver North?

DACHI: I didn't have that many dealings with him. Wednesday afternoons, he used to hold a public affairs briefing at the Old Executive Office Building on the administration's Central American policy. From time to time, I would be called upon to give a briefing on my most recent trip to Central America or whatever experiences I or my staff had had with Salvadorean media, how the trip to Europe went, how people were reacting to our policy, what I had to say to foreign audiences. The group he gathered there every Wednesday afternoon, when you pull together audiences in this town for this kind of a "dog and pony show," there is a whole list of people, former "something or others" who love to get invited and will show up, particularly if it is at the White House. You can fill any room with bodies in this town. Most of these people were "friendlies" to the Reagan line. I don't think any prominent person in public life or the media ever came to these briefings. It was a group of 30-50 regulars, a bit of a motley crew, who just said, "Amen" to everything they heard. It was not a significant event by any means. But it made Ollie North and his team feel better because they were putting out their line in a forum from which the "poisonous leftist media" could be excluded.

Q: Did you ever go to El Salvador or to Nicaragua during this time?

DACHI: Yes, several times.

Q: What was your impression of how things were going in those twcountries when you were there? This was in the early 1980s.

DACHI: There is no doubt that on the ground in Nicaragua what you saw was a regime running things very much in the totalitarian communist style of operation. I was born in Eastern Europe. I grew up there during the war and I didn't emigrate to the West until after a few years of the Stalinist takeover. So, I had some experience as to how these systems worked. My memory had been refreshed in Hungary when I served there in the 1970s. There is no question that these people were running a totalitarian regime in which individual rights were violated and denied, people were arbitrarily arrested, their property confiscated, put out of the way without much legal recourse. There was certainly extensive cooperation with Cuba and a great deal of hostility to the United States in Sandinista circles and the state controlled media. There was absolutely no question that on the ground, whatever their protestations to the contrary may have been, this was a Cuban-style regime, more so than an East European one. I wouldn't flatter those guys by putting them in the same intellectual category even with East Europeans party hacks.

El Salvador was not a right-wing dictatorship as such. In fact, the president during most of that time was Napoleon Duarte, a Christian democrat, democratically elected. But there were always death squads beyond the government's control that were killing people suspected of leftist sympathies on the slightest pretext. There were constant human rights violations. The military were particularly bloody and lawless. El Salvador was a place where we had extraordinarily overburdened ambassadors who always had their hands full trying to get the military to be more civilized, to get judges and lawyers trained in human rights and observe the rule of law. It was a steep uphill struggle.There was a huge foreign media presence there requiring constant attention. We had the best and the brightest of our public affairs and information officers and the best language speakers assigned all over Central America by that time. They all had high pressure, challenging jobs and they acquitted themselves extremely well. These were "career enhancing" assignments. For an official visitor like myself, it was a fairly decent experience going to El Salvador. That was a comfortable trip. Going to Managua was a hardship.

Q: Did you find in going to El Salvador... I speak with my experience when I was in Vietnam where those dealing with the press, the American media, were essentially dealing with a hostile power by this time, which was 1969-1970. In fact, the American media there were mostly young people having a wonderful time attacking the United States. What was your impression of the media in El Salvador?

DACHI: It wasn't that bad. Most of the time in El Salvador, there was a quasi-democratic government. Dean Hinton was the ambassador. He was awfully good with his media relations. It wasn't nearly the bitter situation that Vietnam had been. I think that in Vietnam it didn't take long before it became very apparent that this thing was wrong. That wasn't anywhere nearly as clear in Central America. There were plenty of people who were opposed to it, but it just wasn't as clear cut between right and wrong as it was in Vietnam. There were a lot of journalists critical of U.S. policy, but it never got close to getting out of hand.

Q: Also, we weren't putting young American lives (there were exceptions obviously), drafted young people, on the line, which made for a difference. The reporters belonged to the same generation as the men who were doing the fighting.

DACHI: Without a doubt, the fact that American troops were not engaged in combat there made it a much easier situation to deal with.

Q: You got out of this whole thing prior to the time when what became known as the Iran-Contra Affair became known, didn't you? Oliver North was arranging for money to go to the Contras and all of that.

DACHI: I left there in 1984. This Iran-Contra thing came to light a little later. I don't remember exactly when. I don't think Ollie North was in bad odor yet when I was there. I don't remember any public debate about Ollie North at that time.

Q: How did you feel about Ronald Reagan? He would sometimes make comments about "If El Salvador, Nicaragua goes. Next thing you know, Brownsville, Texas is under siege. These Contras are equivalent to the freedom fighters or to American patriots." How well did you think Ronald Reagan was engaged in and understood the situation?

DACHI: Ronald Reagan was Ronald Reagan. I thought he was a great president. He was a decent guy who was sometimes given to these rhetorical excesses on cold war issues that didn't make him or us look very good. But I always took it in context. If you're in favor of a guy, you tend to rationalize away these things. When it came to the main policy issues though, to Ronald Reagan the situation in Central America was as simple as black and white. The "evil empire" of communism was trying to establish a second beach head in our hemisphere and form an alliance with Cuba. He saw that as a direct threat to our national security. He may not have been engaged in all the details, but he was very aware of the "big picture" and the implications were crystal clear to him. Occasionally, his rhetorical flourishes or misstatements could be an embarrassment. I was on a trip with him on a White House press plane once when he went to Brazil, Costa Rica, and Honduras. When he got to Sao Paulo, he made a speech and said something about how he was happy to be in Bolivia.

Q: Any of us could do that. That is the awful thing.

DACHI: I remember landing in the press plane in Costa Rica. Just before Air Force One touched down, there were people at the airport with big signs saying, "Welcome to Bolivia." Things like that. Somehow, you could forgive Ronald Reagan for these things because he was such a powerful president in so many ways. I thought he was a great man. He wasn't always as deeply engaged in some of these issues as you would hope a President would be, but he came just after Jimmy Carter, who had been deeply engaged in everything to every last detail and didn't exactly succeed at coming out on the right side of many issues. Panama was an exception. So, I was a fan of Reagan's.

Q: Was that the trip when he came out and said, "Gee whiz, I hadn'realized how different these countries are?"

DACHI: I don't remember that.

Q: What was your impression of the Latin American advisors in the National Security Council and others who were playing a role, even USIA political appointees?

DACHI: The NSC people were quirky and a bit far to the right sometimes. The Cuban, Nicaraguan, and Panamanian exiles were playing an inordinately important role in exercising influence over them, not to mention some of the conservative republicans in the Senate. The NSC chiefs, Richard Allen, Judge William Clark, the Roger Fontaines, the Ollie Norths and the other people, were focused exclusively on the Contras, the Sandinistas, El Salvador and Castro, and eventually on Grenada. The rest of South America didn't exist for them.

Tom Enders was the first Assistant Secretary of State for Latin America in the Reagan administration. He was a career officer and a brilliant man. He was opinionated and overbearing at times, but brilliant, capable and very competent. He was certainly not quirky. He was not the first, nor was he to be the last Assistant Secretary for Latin America to be second guessed, overruled and all too often disregarded by the NSC Adviser or his aides. Enders was followed by another highly competent guy, Tony Motley. Motley was shrewd enough though to sense as soon as the Iran-Contra thing started that it spelled big trouble. So he got out of there in short order. He saw the thing coming and he got out. Then Elliot Abrams came in, but his ship ran aground when his involvement with an Iran-contra financial contribution by the Sultan of Brunei came to light.

There are greater outside pressures from a multitude of lobbies and exile groups with axes to grind on Latin America than for any other part of the world. They always manage to get the ear of key people in the White House and Congress and carry more weight than any policy input by the State Department. With the exception of Bernard Aronson who served during the Bush administration, (we've got him to thank in large part for taking Central America off the map as a crisis center for U.S. foreign policy), Assistant Secretaries for Latin America rarely managed to prevail over these powerful special interest groups and never had as much influence on policy as they rightfully should have had.

Q: Let's turn to Grenada. I assume it was a place you had to loofor on a map.

DACHI: Pretty much. Actually I didn't, because Grenada didn't totally come out of the blue. The Maurice Bishop government there and his New Jewel Movement had been an irritant, a thorn in our side, for quite a while. They were using militant leftist revolutionary rhetoric, putting their words into action in a way that was bound to raise red flags at the White House at a time when turmoil in Central America was forever on the front burner. They were heavily involved with the Cubans and brought in communist advisors from all over, including North Korea. They were building a huge airport there, obviously financed with outside money of suspect origin. They claimed it was built to facilitate tourism, but that was patently disingenuous. It looked a lot more like a potential jumping off point for Cuban forces which at that time were engaged in combat in Angola, Mozambique and Ethiopia. That, in the eyes of the Reagan administration was no small matter. What the real truth was, we will never know.

As it happens, USIA ended up as a critical "bit player" in the Grenada story at the time of the U.S. military intervention. Grenada came under our embassy in Barbados, responsible for covering all the Eastern Caribbean countries from Antigua in the north to St. Vincent in the south. Sally Shelton was the ambassador. From Barbados, she traveled extensively to the other Eastern Caribbean capitals to conduct our bilateral relations. When Grenada heated up and Bishop became increasingly menacing to U.S. interests, Sally was instructed not to travel to Grenada any longer, as a sign of our pique and a way to downgrade the level of our relations. The only official American who could still travel to Grenada was my public affairs officer in Bridgetown, Ashley Wills, and he would do so on a regular basis. He was the only remaining diplomatic link left. He became our main Grenada expert, and turned into a valuable political reporter for the embassy.

When it came time for the military action there, as you may recall, General Norman Schwarzkopf was the commander of the Army contingent slated to lead our troops into Grenada and Admiral Metcalf was the commander in chief. Your question was, "I assume it was a place you had to look for on a map." Well, they did. Only they didn't have a map. Or at least one that was sufficiently detailed and accurate so it could be used for military operations on the ground. Nobody in our intelligence community ever thought we would need such a map for Grenada, so they never made one. The stated purpose of the military action was to rescue a group of U.S. citizen medical students, but nobody had a fix on exactly where the medical school was located, not to mention other government buildings or the bases or barracks of the minuscule Grenadan army. But Ashley Wills knew. And he was the only one who could be rounded up in a hurry.

They came and got Ashley Wills out of bed at 2:30 in the morning and took him to Admiral Metcalf. Next thing he knew, he was up in the Admiral's plane with him flying over Grenada, pointing out where the medical school and the other "strategic" points were, because there wasn't anybody else who had a clue as to what was where. He was the one who had to draw up a "verbal map" of Grenada for them and point out where things were. So, he became quite a key figure.

I heard about the invasion probably about 24 hours before it occurred. The decision had been made that the press wouldn't be allowed to accompany the landing forces. The first landing force going in there did, however, take a public affairs officer with them so that, when the press inevitably arrived shortly thereafter, they would be in place ahead of them. I was instructed to provide two officers. I secretly pulled out two of my best people, one from Sao Paulo and one from Lima. One of them, James Dandridge, actually got there in time to go ashore with the first contingent. As the days wore on, we had to rotate a number of people through there rather quickly, even though the operation was short lived. Some people refused to go because they were philosophically opposed to the intervention, but we chose not to make an issue of it.

After the military phase was over, we opened an embassy in short order and assigned a full-time public affairs officer. Everybody made noble statements about all the great things we were now going to do in Grenada, to show how much better off it would be with the U.S. as its friend instead of Cuba, help with development, private investment and so on. But very little of that ever came to pass. Eventually, Grenada sank back into obscurity, faded from the U.S. radar screen and we closed our embassy.

Q: In the initial time, was it a difficult operation to sell froyour perspective or did it come out fairly well?

DACHI: I didn't have any trouble selling it. I believed we were doing the right thing. You could predict that every country in Latin America would automatically come out against it and indeed they did. Somewhat surprisingly though, their protestations were quite mild and pro forma. This was an interesting thing. They felt they had to be against it because they have historically opposed any form of U.S. military intervention in the hemisphere. But in this case, they seemed to be uncomfortable making a big issue of it.

Q: The colossus to the north.

DACHI: In this case, they were on extremely shaky ground because four perfectly legitimate, democratically elected Caribbean governments had in fact formally requested the U.S. military intervention. That included two of the more serious governments in the area, Jamaica and Barbados, who could hardly be accused of being habitual "yes men" for the U.S., along with two smaller ones, St. Lucia and Dominica. True, Trinidad and Guyana stayed away from it, as did St. Vincent. Nevertheless, the request was totally legitimate and came through the Organization of Eastern Caribbean States (OECS). That may have been a small, little known organization most Latin American countries undoubtedly had never heard of, but that didn't make it any less legitimate. All its members were democratic countries and all had democratically elected leaders, which was more than you could say for many of the Latin American countries at the time. They formally asked the United States for assistance. It was done legally and correctly. Nobody was willing to acknowledge that, not Reagan's domestic opponents nor the Latin Americans who always looked down their noses at these small English-speaking Caribbean countries anyway.

And last but not least, not many people ever understood what drove these Caribbean leaders to swallow their pride and take the unpopular step of asking for U.S. help in the first place. The fact was that when Maurice Bishop (who by the way was assassinated by one of his fellow revolutionaries some time before these events) overthrew an admittedly unpopular but nevertheless democratically elected Prime Minister, it was the first time that had happened since any of these English-speaking Eastern Caribbean countries became independent. The first thought on the minds of those leaders was "There but for the grace of God go I. This could happen to me." The precedent of condoning a coup against a legitimate government was one they felt would be extremely dangerous to allow to go unchallenged. They didn't want to fall into the same hole that so many of their Latin American neighbors had languished in for years. Later on, when the tables were turned and the Latin Americans were screaming bloody murder about our intervention in Panama, the Caribbean countries just shrugged their shoulders and said, "Don't ask us for support. You didn't stand by us when we legitimately asked the United States to intervene, so don't ask us to fall on our swords for you now."

Q: Did you treat this reaction from the Latin American countries almost with a shrug and say, "Okay, this is something that we're going to do. They'll get over it. It's not really going to change things."

DACHI: Absolutely. Our policy was: we have our security interests, we have valid reasons and a formal request, and we're going to carry it out. These guys are always going to be against us because nobody in Latin America can afford to be publicly on our side whether they agree with us or not. If we're going to let them bluff us out of everything we feel we have to do in our national interest, we'll never get anything done. So, let them say whatever they like.

Q: The American cause was helped by that one thing (I have a feeling you almost must have bribed the guy.), the American student who got onto the ground from the plane and kissed the runway. If they had come out and somebody had said, "What is this all about? We were having a good time" or something like that...

DACHI: I never had any contact with those students. Obviously, it must have been a group that included people of all kinds of political persuasions. Frankly, it doesn't surprise me that some of them were relieved to get out of there. Clearly, the potential for danger was there. I am sure some of them thought that it was the wrong policy because they felt that we should have left the Grenadans alone. What would have surprised me would have been if they all had reacted the same way. It was one thing for students at Berkeley or wherever to fancy themselves as radicals, at a time when it was very fashionable to march around in political protest in their own country, surrounded by police who protected their constitutional rights. But when you are in a foreign country where your own rear end is potentially in danger, you are not going to be quite as flippant when you see Uncle Sam coming to your rescue, even if you suspect that he may possibly be overreacting. Besides, these guys were medical students, surely a more staid lot than the philosophy and political science majors at Berkeley.

Q: I was not involved in this Grenada thing, but as a good consular officer, I could see that it was a dangerous situation. Whatever other reasons, we were not allowed contact and there were a bunch of people going around with a lot of heavy weapons. The situation was basically not under control.

DACHI: You were asking about a tough sell. I'll tell you what was a tough sell, what nobody took seriously. After we restored order there, we discovered mountains of communist country supplied arms caches. A huge effort was made to photograph and document all the weapons that were seized and get the information out for the whole world to see. Yet, nobody would look at that stuff, read it, or believe it, even though it was absolutely true. So, that also gets you to saying, "We should go ahead and do what we think is right, whether these people believe us or not." People only believe what they want to believe. If it doesn't fit their preconceived notions, they're not going to believe it even if it's true. So, first and foremost, we've got to act in our national interest. That is what Presidents are elected to do.

Q: I agree completely on that. It's nice to be concerned and hand hold, but at a certain point, people with no real responsibility want to sit on the sidelines and kibbitz and complain.

Let's talk about your involvement from USIA headquarters with Cuba.This goes from when to when?

DACHI: It starts from early 1979 through about 1983 or 1984.

Q: What was your concern with it and also your observance of how whandled this? What were some of the issues?

DACHI: Not too long before I came into the Latin American office at USIA, I don't know whether it was a year or two years, we had opened the U.S. Interests Section in Havana. There was from the beginning a USIS office in that interests section. We had an officer there. I think the first one was Barbara Hutchison. It was functioning a little bit like our USIS offices had functioned behind the Iron Curtain, as one of the very few channels for talking to Cubans beyond the highly restricted official contacts in various ministries. This was an Interests Section, ostensibly a part of the Swiss Embassy. We didn't have formal diplomatic relations as such. So, our little USIS outpost there was unique by Latin American standards. It resembled what I had known in Eastern Europe, but it was a novelty for Latin Americanists. I must say that USIS was then, and for all I know probably still is even now, much more limited in what it can do in Cuba than it ever was in the Soviet Union or Eastern Europe, because relations are so tense.

Q: Was it that relations were so tense or that you had the Cuban-American community, particularly in Florida, looking over your shoulders?

DACHI: The community has been historically the dominant, controlling factor in U.S.-Cuban relations. When I was in Hungary, the Hungarian-American community was rather influential. On a scale of zero to 10, it was about a five. It certainly had a great voice in preventing the United States from returning the crown of St. Stephen for more years after it made sense to do so than it should have. But other than with the crown, it was not much of a factor. In the case of the Cuban community and particularly the Cuban-American Foundation, they have been and still are a decisive voice in every respect. They totally and completely dominate U.S. policy toward Cuba. They have steadfastly stood in the way of anything resembling a normalization process. They have been influential way beyond their real importance with a lot of Congressmen and Senators and with every President since 1961.

The first time I got involved was when I came in as deputy director of the Latin American office in October or November of 1978. No one from the office had gone to Havana up to that time to visit our USIS officer. The people in the area office seemed perplexed at having a post in a communist country, and had no idea how it should operate. I think they were scared to go down there. With the Hungary experience under my belt, I was more excited than scared about going. So, in about January or February 1979, I went to Havana. At that time, the chief of the U.S. Interests Section was Lyle Lane, who had opened the section a year and a half to two years before. That first visit was sort of an orientation for me, and I found it absolutely fascinating.

I was intrigued by all kinds of things. The U.S. Interests Section came under the protection of the Swiss embassy. That embassy was located in a modest former private residence and consisted of an ambassador and a first secretary. The U.S. Interests Section had 60-70 people located in the same large building that had been the American Embassy until Cuba and the U.S. broke diplomatic relations in the early '60s. It even had Marines in civilian clothes. From the time we broke relations until we returned in 1977, the building was closed, with a lone Swiss diplomat stationed there as a sort of custodian. When it was reopened, we discovered some interesting historical relics. As I was taken on a tour of the basement, I saw a series of doors and wooden partitions. They had names on them: Bolivia, Ecuador, Brazil, etc. I learned that as each of these embassies closed years earlier under pressure from the OAS, they all packed up everything, took what they could with them and the rest, mostly furniture, they stored in our basement. Those things were still there for the countries that had not yet reestablished relations. It looked like a basement warehouse in an Alfred Hitchcock movie.

The embassy was on the waterfront, the malecon, as they call it. In the parking lot of the Embassy there were these totally rusted out skeletons of American cars that had been left there in 1961. Castro had made a point of never removing them. As far as he was concerned, that was diplomatic property and those were the Americans' cars. People long ago took the engines, the tires, the wheels, anything that could be removed, but the skeletons were left there. With all that saltwater in the air, they were totally rusted. It was an open air chop shop, frozen in time, right under Uncle Sam's diplomatic tombstone. Now that the building had reopened, the parking lot looked even more surreal. Although the Interests Section had been reopened for at least a year and a half, they still hadn't found a way to have those skeletons removed.

It was apparent to me that there was not a whole lot for USIS to do. We certainly couldn't have anything approaching normal contacts with journalists, which is one thing that USIS was partially successful in doing even in the Soviet Union and Eastern Europe. From a State Department standpoint, if all the formal official channels are closed, you can still have a very useful channel through the media, but that was really not available in Cuba. That was the first visit.

Several months thereafter, Cuban affairs burst to the surface in U.S. public awareness, after a long absence. We are talking about late 1979 and into 1980. There was a revelation in the media that we had evidence of 5,000 Soviet combat troops on Cuban soil.

Q: It was known as the Soviet Brigade.

DACHI: Right. They had been there all along, ever since the Cuban missile crisis, but somehow it surfaced at this particular point. This created quite a problem for President Jimmy Carter. When Jimmy Carter took over, he had several foreign policy initiatives in mind, among them that he was going to finally bring about a Panama Canal treaty, which he did. He also had in mind that he would make progress toward normalizing relations with both Cuba and Vietnam. The Vietnam thing never got off the ground, but he was playing with the idea of doing something with Cuba. This was just after the Panama Canal Treaty had been successfully concluded and ratified. Then this thing about the Soviet combat troops came out. So, National Security Advisor Brzezinski crafted a new, more hard line policy toward Cuba. This was in the summer or fall of 1979.

Then, to put a carrot with the stick, the President decided that we should look for ways to expand people-to-people and cultural exchanges. On the one hand, we got really tough on a number of issues. On the other, USIA was given the task of seeing how we might expand cultural exchanges, even though there was plenty of opposition on the horizon in this country even to that. I was given the assignment to see what could be done.

I went back to Cuba and we actually worked out in late 1979 or early 1980 two things that were without precedent. First, we were going to help sponsor the visit of the Alvin Ailey Dance Company to Cuba. The Cuban National Ballet, a highly regarded ensemble that was internationally famous, had come to the Kennedy Center to perform under unofficial auspices several months before. This was going to be a reciprocal visit and the Cubans were all in favor of it. With the newly declared presidential policy, we were going to sponsor that trip there in some discreet way without making a public announcement of our involvement. Second, there was a privately sponsored art exhibit that was traveling to several countries around the world. I am a little bit hazy on the details, but it was an exhibit of fairly good quality sponsored by a consortium from the private sector. We decided to send this art exhibit to Cuba. We got the sponsoring companies to agree to it. I went down to Havana and we negotiated the sending of this art exhibit that was going to be shown in the Casa de la Cultura, the ideological "palace of culture" of the Cuban communist party.

Then came the Mariel crisis followed by the presidential campaign of Ronald Reagan and Jimmy Carter. Long before those cultural exchanges could actually take place, these two events caused them to fall by the wayside. After Mariel, going ahead with cultural exchanges became politically out of the question. People at the NSC refused to acknowledge that the subject had even been raised before. The private sector sponsors of the art exhibit withdrew their support as well.

Q: Could you explain what the Mariel crisis was?

DACHI: This was a crisis of major proportions because Fidel Castro, for a variety of reasons, opened the floodgates to tens of thousands of Cubans to get into boats and sail across to Florida in all kinds of makeshift boats. By the time it was over, there must have been at least 100,000 arrivals. Cuban policy always had an element that believed the best way to deal with political opposition was to let them go to Florida. Castro did that when he first came to power. He let a lot of people go. That is how the Cuban community got started in Florida. I don't think he ever dreamed that the Cuban-American Foundation would become that powerful a political instrument. Then, for a lot of years, people couldn't leave anymore. Mariel was a major decision on his part to open the doors once again and let everybody go. This was something very different from the Soviet Union and Eastern Europe. Those regimes considered it high treason for people to want to leave their homeland, pull up their roots and go to America. In the Caribbean, on the other hand, that was always an acceptable thing to do. Hungarian intellectuals would have to face truly intolerable conditions before they could tear themselves away from their home. That has never been the case in Cuba or in the English-speaking Caribbean. People have always gone north with the greatest of ease and a minimum of psychological conflict.

The events leading up to Mariel started with an invasion of the Peruvian embassy by large numbers of Cubans demanding the right to emigrate. Somehow, they managed to jump the fence of the Peruvian embassy. Within a couple of weeks, there were hundreds of people on the embassy grounds, and the event created a media furor around the world. (Ten years later a similar happening, the invasion of West German embassy grounds in Prague by East German asylum-seekers became one of the key turning points in the fall of the iron curtain). This created quite a problem for Castro. Originally, his position was that if he's going to let them go, he's certainly not going to let them go to the United States. He might let them go to Peru. Well, Peru wasn't about to let them in. Then a second alternative came up that maybe they could go to Panama. But Panama wasn't too thrilled with it either. In the meantime, the crisis was growing and becoming tenser by the day. There were hundreds of people on Peruvian grounds who had to be fed, provided with sanitary facilities and given medical attention. They were surrounded by security forces. We were trying to help and get other Latin American countries, any countries, to take these refugees because we didn't want them in the U.S. either. The bottom line was, nobody was willing to take them.

Castro kept saying, "Of course, it's the U.S. that's behind this." Finally, he said, "Well, if the U.S. was the one that provoked this, then let them have them." Since we wouldn't take them, he said, "Alright, we'll just put them on boats and send them over there." He started warming more and more to the idea. He said, "Well, if these several hundred will go, why don't we let anybody who wants to leave go?" The next thing we knew, this thing turned from a trickle into a flood. It was at that point he opened up the prisons and psychiatric institutions and put hundreds of mentally ill person and scores of criminals on the boats as an extra measure of vengeance against the United States. That is how the Mariel exodus came about.

As soon as the first few boats started to arrive, it created a crisis in our government. I was designated to be the USIA representative on the White House Mariel Task Force. Technically, the USIA representative was the deputy director of the agency, Charlie Bray, but I was the one who ended up going to these meetings. It was one of the most interesting and memorable experiences of my entire professional life. There were two types of meetings. A general meeting was held every day at the Old Executive Office Building, where every agency expected to play a role in dealing with the evolving crisis was represented. Then there was a smaller group of fewer than 10 people that met in the White House itself, in the office of the White House Chief of Staff Jack Watson. I was on that group also.

The big group was an unbelievable scene. We sat at this huge conference table. There must have been 20 or 30 agencies represented there from the State and Defense Departments to the Army, the Navy, the Air Force, the Coast Guard, the State of Florida, Health Education and Welfare, the Justice Department, the Immigration and Naturalization Service, etc. There was an enormous number of people. Jack Watson would sit at the head of the table and chair the meeting. We would go around the table and everybody would say their little thing about what their parochial interests were, how this thing looked to them, putting whatever they were doing in the best light and, most importantly, clamoring for more money because they had nothing in their budgets for this sort of thing. But the administration had a national problem that it had to face. It wasn't going to be able to address it by assembling 45 different people talking about their agencies' own concerns, about what kind of tents they were going to have, where they were going to put up the refugees, whether the Coast Guard is going to steer them to one port or the other, what kind of immigration or refugee status they were going to get, who was going to pay for what, etc. And, with every passing day, a number of boats and people arriving was increasing by leaps and bounds.

At no time was there any hint as to what administration policy would be or what the President wanted to do. Jack Watson never said a word about that. The key question that nobody seemed willing to face was, were we going to let this stream go on or were we going to stop it? That was an issue that we never came to grips with in this meeting. But we kept on meeting every day. Every day, there were more people arriving than the day before. The only thing that changed in these meetings was that the people who were stuck with dealing with the refugees had more and more acute problems: who is going to pay for this, who is going to feed them, provide tents, transportation, deal with legal problems, deportation? Where are we going to deport them to? How can we divert the stream to Panama? Jack Watson just sat there and listened. Nothing ever happened. There was never an outcome. Nothing was ever resolved.

Meanwhile over at the White House, after several days of seemingly endless procrastination, a decision finally appeared to materialize that this had to be stopped. At our next meeting, we talked about how we were going to stop it. Again, these 50 people at the big meeting couldn't possibly give a national perspective on how this was going to be done without some sort of guidance or directive from above. I remember going into a small meeting in the office of the Chief of Staff. Under Watson's direction, we finally started talking about who was going to do what. Watson was speaking for the President. What kind of steps are going to be taken to stop these boats? How will the Coast Guard be instructed to proceed? How are we going to talk to Latin American chiefs of state to let them know that we did it, why, and how? Everybody was tasked to carry out some portion of the plan.

We were sitting there talking about this in the most serious and intense way when a secretary came in and slid the Chief of Staff a piece of paper. He looked at it and turned pale. He said, "The President just made a speech this morning and said 'Open hearts, open arms. We can't let these people perish on the high seas. We're going to let them all in.'" Jack Watson and everybody else there from the NSC was absolutely speechless. They had no idea that Jimmy Carter was even giving a speech that day, much less that he was going to mention Mariel. Nobody had an inkling that the President was going to announce a total reversal of the policy which we were talking about implementing. And we were sitting in a room only a few feet from the Oval Office. Instead of keeping these people out, those who were already on the high seas that is, as well as those who were already ashore, we were now going to let them in and let them stay. (After that, the Coast Guard would have orders to interdict all other boats that left Cuba subsequent to this decision). Literally, nobody knew what to say. They said, "Well, I guess we can end this meeting." That meeting, I'll never forget as long as I live. I could have never imagined something like that happening.

Q: I think you're putting your finger on what was conceived by many people to be a really major fault with Jimmy Carter, that he would let his heart take over from his mind or something from time to time. There was a very famous thing where he was pushing the Europeans, particularly the Germans, very hard to accept what had been called the neutron bomb. It was a type of weapon. Then overnight, after getting everybody on board and putting a great deal of pressure on them, he changed his mind, purportedly because his daughter had said, "Maybe we ought to do something else." Among many government workers, myself included, Jimmy Carter was not considered a very stable person (not crazy). He just was too emotional on things.

DACHI: This was certainly my baptism by fire into that reality. After that, our Mariel task forces stopped meeting. Not too long ago we were still reading about the criminals who were kept for years in U.S. prisons, a few of whom eventually were repatriated. Then we had sort of a reprise recently at our base in Guantanamo with Cuban and Haitian refugees. So, that was a memorable experience with Mariel.

Between Mariel and the election campaign, all thoughts of cultural exchanges disappeared. After Ronald Reagan became President, our policy became even more hardline. By the time of his inauguration in 1981, I had become area director for Latin America and the Caribbean. I thought it was time to go to Cuba again to see how our USIS program was going. After all, we routinely visited all our overseas posts once or twice a year. But that was out of the question. You couldn't even broach the subject with anybody at the State Department. Everybody was scared of doing anything that could possibly be interpreted at the White House as some kind of initiative toward Cuba. As it turned out, I wasn't able to go down there again to visit our USIS program until early 1983. We all realized there was nothing constructive to be done. When I finally got to Havana in 1983, I just made a supervisory visit and spent some time with John Ferch, who was at that time the head of the U.S. Interests Section.

I recall one revealing anecdote from the period. As area director in USIA, I used to attend the Assistant Secretary's meeting for Latin America at the State Department however often it met, three times a week or whatever. I lived across the street in those days at Columbia Plaza. My habit was, first thing in the morning, I would watch the news on the Today show and then walk across the street to the Assistant Secretary's meeting. One morning, in about 1982, somewhere in there in the early part of the Reagan administration, I saw a news report that Fidel Castro had given another one of his long speeches in Havana. The NBC report said he had made some remarks that could be interpreted as a new opening toward the United States. I walked over to the meeting. It must have been early in the Reagan administration because Jeane Kirkpatrick was our UN Ambassador.

In the State Department, at least in the Latin American bureau, which admittedly from an ideological standpoint was the most sensitive, they had what I a little irreverently called a "political commissar," one of Jeane Kirkpatrick's special aides, who was sitting in that office and attending every meeting to make sure there was no State Department deviation from administration policy. (Republican administrations always had a deep distrust of career foreign service officers whom they considered to be invariably liberal and too far to the left). That morning, there was some minimal discussion about the Castro speech. I don't think anyone else had even seen the TV report. Maybe they had, but they didn't mention it.Then this woman walked in. She was one of the Cuban-American Foundation people, now an aide to Jeane Kirkpatrick, who was there as an "ideological watchdog" in the Assistant Secretary's office. She came in and said, "We have to get in touch immediately with the chief of the Interests Section to make sure that he reports there was nothing new in Fidel Castro's speech and there was no new initiative or opening whatsoever. The Today show report is opening a can of worms. They are implying that Castro is going to take some kind of initiative. So, it's essential that you get in touch with John Ferch immediately and send him explicit instructions to send a cable that this speech had nothing new it in and there was no opening or initiative whatsoever. We don't want him sending us his own analysis." That is the way she wanted it, and that was what was done. Well, that was another memorable day for me.

Q: What was the reaction?

DACHI: No reaction.

Q: In other words, nobody was going to fight this.

DACHI: No. There was not a peep. . I thought it was a watershed event.This was one of the most egregious instances that I happened to witness, but I had seen plenty of others at USIA when political appointees would put their foot down and insist that the conservative ideological line prevail in every program decision, choice of speakers to send overseas or the preparation of analytical papers.

Q: Of course, sometimes you get something like this and then the bureaucracy takes over and takes care of the problem, but not an open confrontation with somebody who comes in.

DACHI: The background to this is that a career officer named Wayne Smith had been the chief of the Interests Section in Havana for a good part of the Carter administration before John Ferch, another career officer, went down to succeed him after the Reagan inauguration. Wayne Smith, a firm proponent of improving relations with Cuba, didn't get fired as rudely as Bill Bowdler and Jim Cheek had been, but he certainly was forced to leave, and he retired from the Foreign Service shortly thereafter. Ever since, he has been a prominent, open and vocal critic of U.S. policy toward Cuba. Wayne believed that normalization and dialogue was preferable to confrontation, isolation and embargoes. He reported honestly and conscientiously from Havana for the two years or so that he was down there. That was unacceptable to the Reagan administration, so they got rid of him and they sent John Ferch in his place. Ferch was a highly regarded foreign service officer. He had been deputy chief of mission in Mexico and was considered to be one of the most expert and sensitive analysts of Mexican affairs. As often happens with senior DCMs when they're ready to become ambassadors, there may not be an embassy available for them immediately. For John, being "parked" in Havana as chief of the Interests Section was a nice interim step.

At the time they pulled Wayne Smith out, the head of Cuban Affairs at the State Department was Myles Frechette, also a very able and substantive man. Myles wanted to be and should have been the next U.S. Interests Section chief, but he was a career officer and thus automatically assumed to be too liberal, a fatal flaw in those days, and that was out of the question. He was ideologically suspect just like Wayne Smith. He was, in fact, an enlightened normalizer as opposed to a dogmatic confronter. Frechette was not gotten rid of, he ended up as ambassador to Cameroon, but the Reagan administration would not allow him to have an embassy in Latin America. Sending ideologically suspect Latin Americanists to Africa was a form of subtle exile, less extreme than an outright purge, that was often resorted to in those days.

They sent Ferch to Havana because they felt that he was not involved with Cuba previously and he would represent less of a danger of freelancing there. Dangling a future ambassadorship in front of him as a reward for not deviating from official dogma helped to make the message clear. But at the same time, Ferch was a brilliant guy, so the possibility that he would start acting independently couldn't be discounted. So, they gave him specific instructions: "Go down there and keep your mouth shut. Don't start getting ideas. You may think that your job is to assess the situation there, report on developments and add your policy recommendations. That's okay up to a point. But if you want to be an ambassador, keep your nose clean and don't stray off the reservation." John did go down there and did keep his nose clean. He succeeded well enough at it to be named ambassador to Honduras.

Even so, Ferch went down in flames shortly thereafter. As the "Contra War" against Nicaragua was going on and becoming more intense, Honduras became the "privileged sanctuary" from which all the attacks were launched, and the contra war was becoming a political bombshell in the U.S. John ran afoul of Elliot Abrams, who by that time was the Assistant Secretary. Ferch fell into the trap of thinking that now that he was ambassador, he could start exercising his judgment and make policy recommendations. He was wrong. He ran into trouble with the ideologues running the show, Abrams fired him and he left the Foreign Service also. So, this was a rough and rocky road for some of the finest and most experienced Latin Americanists in the foreign service.

Q: I take it that by the time you left USIA, our Cuban policy was odead center?

DACHI: It was dead in the water and still is. It has gotten more hard-line under successive republican administrations. Even democratic administrations like the current one, President Clinton has not at all felt the need to distance himself from the Cuban-American Foundation. Now they have two members of Congress from that community plus the Helms-Burton Act. There is Radio Marti and TV Marti. There is an ever stricter embargo. Then you had this Guantanamo thing with the Haitian and the Cuban refugees and then finally the Helms-Burton Act which is a secondary boycott that dictates to Canadians, Europeans, and other Latin Americans how they can and cannot do business with Cuba. So, there has just been a constant series of steps which have put U.S.-Cuban relations into an increasingly rigid straitjacket. From 1978 to now, almost 20 years, this has been the one place where our foreign policy has been totally consistent. We haven't changed anything there in 20 years.

Q. Let's move to Sao Paulo. Sao Paulo is a really major post. You went there as Consul General. This by many is considered the equivalent to an ambassadorship. It's of that rank. How did you get this assignment?

DACHI: Probably the way most such assignments come about. The Assistant Secretary, Tony Motley, knew me from the time we had worked together on various things when he was ambassador to Brazil and I was Latin America director. Then we had worked together to some degree once he came back as Assistant Secretary. He is the one who chose me and got me paneled to go down there.

Q: There is the usual Foreign Service vs. USIA conflict over jobs. This is a fairly high one. I would have thought this one would have meant that the State Department Foreign Service would have fought on this.

DACHI: The State Department Foreign Service will fight on things like this, but if the Assistant Secretary really wants something done, the system has a hard time stopping it. If you try to go through the system, if USIA decided to nominate you by having the chief of personnel from USIA say to the Director General "Here is a guy I think you ought to consider," that is a different story, you can forget about it. If the Assistant Secretary wants you, that is something else.

In those days, there always was a small handful of USIA people who through some personal relationship they developed on their own with someone at the State Department managed to get assigned to senior jobs, but there were very few. There was no institutional cooperation on personnel matters whatsoever. Nowadays there is more. For one thing, USIA has been ahead of the State Department as the latter came under increasing pressure to give senior jobs to women and minorities and there were many instances when they just didn't have as many people coming up the ranks as USIA had. So, more USIA officers became ambassadors and deputy chiefs of mission.

Leaving aside for the moment politically correct language, white males have not necessarily had equal opportunities in the foreign service in recent years, but even white males from USIA have held some top jobs. Christopher Ross, a USIA officer, has been ambassador in both Algeria and Syria, as well as Deputy Assistant Secretary and director of the Office of Counterterrorism. Bill Rugh, a white male, also served as ambassador twice. Jock Shirley was ambassador to Tanzania. Michael Pistor was ambassador to Malawi. Robert Gosende was chief of mission in Somalia at one point during the war. One of the recent ambassadors to China was a former USIA officer. It happened. There were quite a few. But the point is that each and every one of them got these jobs through whatever relationship they had with senior people in the State Department. USIA as an agency never did anything for any of them to get them consideration in the State Department personnel system. There are almost no exceptions to that. As for minorities, Cresencio (Cris) Arcos is Hispanic, a very, very qualified guy. He became ambassador to Honduras; Marilyn McAfee was ambassador in Guatemala. There was also Kenton Keith, who was ambassador to Qatar. I got another job with the State Department as DCM in the U.S. Mission to the OAS after my time in Sao Paulo. That was also done through personal contacts from the Sao Paulo assignment.

Q: When you went to Brazil in 1985, what was the political-economisituation as we saw it and American interests there?

DACHI: U.S.-Brazil relations have always been dominated by economic, trade, and investment issues almost to the exclusion of others, to a much greater extent than most anywhere else. Brazil had had a 20 year period of military rule that was coming to an end just as I was going down to Sao Paulo. We certainly looked with favor at this transition to civilian rule, although we never exerted much proactive diplomacy to get it to happen sooner. We got along quite well with the military regimeThere might have been some minor exceptions, but not many.

So, the U.S.-Brazil relationship has always had an unusually small political component and an extraordinarily large economic component. One reason for this is that Brazil is very sensitive vis a vis all of its Hispanic Latin American neighbors not to be seen as some kind of a leader of Latin America, a trendsetter. They always thought it was more important to promote their interests in the economic sphere than to exert leadership in the Latin American regional context. They were, however, somewhat interested in playing a greater role at the United Nations, where they felt they were entitled to a permanent seat in the Security Council as the largest and most important country in the Southern Hemisphere.

As I was saying earlier, the most important political and ideological influence in the Spanish-speaking Latin American countries has always been wielded by Mexico, until they got into the economic reform and liberalization phase in the 1980s. They were the anti-American ideological trend setters. They were the ones that never broke with Cuba, the ones that voted for Zionism as racism in the UN and almost always opposed U.S. Latin American policy initiatives, just to show their independence from the U.S. This, in turn, was done to compensate for the obvious and painful reality that on the economic side they were totally dependent on the U.S. It was virtually impossible in those days for any Spanish-speaking Latin American country to openly side with the U.S. on any issue, for fear of displeasing the Mexicans and appearing to break solidarity ranks.

The Brazilians always felt they wanted to stay out of most of that. They did to some degree want to make it clear they were not under U.S. influence in any way, and there is certainly plenty of nationalist sentiment in Brazil. On the whole, however, they felt that the business of Brazil was business. They didn't want to be Latin American ideological leaders. They were interested in exporting, investing, expanding their markets around the world and keeping the international banks they were "stiffing" on their massive foreign debt off their backs. This has always bothered a lot of people in the academic and think tank Latin Americanist community in this country, who all are much more politically than economically oriented and are always looking toward giving the U.S.-Brazil relationship a more heavily political character. It has never been in the cards, not during the military regimes, not during the unstable civilian regimes that followed, and not during this latest period of greater economic stability, progress, and growth that has taken place in the last three years under the most recent president, Fernando Henrique Cardoso.

When I got there, two things were noteworthy. First it was the period when the first civilian president, Tancredo Neves, was going to take over after 20 years of military rule. He was not popularly elected, but indirectly elected by state and federal legislatures. But he became ill and died before taking office. Then Jose Sarney, who had been elected to be vice president, actually became the first civilian president. So, this was an important historical transition.

The other thing, the really big issue, was that about six or eight months before, Brazil had passed the so-called Informatics Law that cut out U.S. trade and investment in the area of computers and software and eventually tried to squeeze the U.S. out of other high tech electronic market segments. This created quite a problem. It ended up becoming the first case where the United States brought a 301 action for unfair trade practices against another country under the U.S. Foreign Trade Act. From the standpoint of the birth pangs of the early days of economic reforms and globalization, this was historically a landmark case. That was just beginning at the time I got there. It was tremendously significant in a process (globalization) that today is far down the road from where it was then. That was a turning point. Those were the two things. I was up to my neck and heavily involved in both of them.

Q: The two issues...

DACHI: One was the conversion to democracy and civilian rule from the military and the other was the so-called Informatics Law. Informatics means what today we call information technology, everything that is computers, software, electronic controls, information and telecommunications technology etc. They used the word "informatics" in those days.

Q: Why don't we deal with that first and then we'll go to the transition period. Why and what was this law and how did it impact on us?

DACHI: This is really a big, terribly important subject. What was the thing about this law? First of all, Brazil along with most of the rest of the developing countries in Asia and Latin America, were still following the import substitution economic model. These economies were basically closed and the policy was to become as self-sufficient as possible by maintaining very high tariffs, stimulating and subsidizing public and private domestic industry, having huge state enterprises, and shielding the economy from foreign competition. We still see these giant state enterprises in China and elsewhere, including Western Europe. In Brazil, as we speak, most of the state enterprises have been or are about to be privatized and the economy has been opened up.

In spite of having a closed, protected economy, Brazil had an unusual amount of foreign investment, more so than any other import substitution economy in the world. This seeming contradiction was more apparent than real and was an example of Brazilian ingenuity in trying to have their cake and eat it too. The case of IBM is one of many illustrative examples. They were allowed in, but once there, they became captives of the protected economy. They had to play according to the anti-competitive rules established by Brazil, which of course was fine with IBM, since they became its beneficiaries rather than victims. If they played along, as IBM and the most of the others who were allowed in in fact did, other foreign competitors including Japanese computer firms, for example, were kept out.

The basic rule was that no foreign company could get in the way of any Brazilian company that wanted to develop and dominate a particular market sector for itself. So, outsiders were allowed to come in, invest, and do certain things that Brazilian companies were not ready for or interested in, even though they were a foreign investor. In return for being "good companies" and playing by "Brazilian rules" they were then also protected against other foreign competitors as if they were a Brazilian company. This was done for a lot of industries.

The historically significant point here was that once the high-tech revolution broke out all over the world and started introducing personal computers, software, etc., this by definition meant that you could no longer have national barriers, and closed economies. It became impossible. No customs or tariff barriers could possibly keep such foreign products out. For one thing, they were absolute musts for any Brazilian company that had any hopes of remaining competitive in either the national or global marketplace. Secondly, it always was and still is child's play to smuggle such products into Brazil through Paraguay and even in those early days contraband computers, software and electronic products were practically inundating the Brazilian market via that route.

Brazil was the first and only country that thought it could control the "foreign threat" from the high-tech revolution the same way they successfully did for all the other areas of investment, just like all the other countries in Southeast Asia, India and Latin America that were wedded to the import substitution economy. The latter all stopped short, however, of trying to extend that to information technology. That was a preposterous and unworkable idea.

In the case of IBM, which was already there, they took away many of the rights they had to make certain kinds of computers, and passed a law saying that personal computers, mini computers, and a number of other products could only be manufactured or assembled by Brazilian companies. They bought off IBM by allowing them to continue making mainframes and certain large printers, and so on, that were beyond the capacity of the newly-formed Brazilian companies, and allowed them to sell those at three times the "normal" profit. In effect they "bought off" or co-opted companies like IBM by cutting down their product lines by two-thirds, and then allowing them to triple their profits on the remainder, guaranteeing them a non-competitive domestic market and making the consumers pay for it by keeping out all the alternatives.

Q: When was the law passed?

DACHI: In the fall of 1984.

Q: So this was just before you arrived.

DACHI: Right. So, the main reason was to try to bring information technology into the traditional system of economic control and protectionism. But there were other reasons. We have to go back a couple of years to the Falklands War to understand the background. The Brazilians had nothing to do with that war directly, but when the Argentines managed to sink a couple of British ships with Exocet missiles, one of the most up-to-date versions of missile technology at the time, that they had bought from the French, everybody in Latin America was ecstatic. I wasn't stationed in Brazil yet, but I happened to be traveling through Bolivia and Chile. Chile was normally antagonistic toward Argentina, but in this case even they were excited. For a few brief days everybody fancied that missile as the great equalizer between the powerful developed countries and the poor, underdeveloped Latin Americans. They wanted to believe that even a relatively small country like Argentina, given a few Exocet missiles, could sink the British navy.

This had an incredible impact on Latin American minds. Who would have ever thought that a Latin American country could face down a powerful Western military force like that of the British. But what really happened? After they sank the two ships and fired a few more missiles, they ran out of them and had to get more. But the French said "No, there is a war going on. We're not giving you any more." The United States did its part, by weighing in with France not to sell the Argentines more of the missiles. All of a sudden, Argentina woke up to the fact that the "great equalizer" vanished into thin air virtually over night. As much euphoria as there was before, now there was this tremendous wave of revulsion that "These Westerners have got us again. When we really need this stuff, they cut us off."

The Brazilian military drew their own conclusions. "See, you can't rely on foreigners. We have to be self-sufficient in technology just like we became self-sufficient in everything else. We can't let foreigners dominate high technology, otherwise we can no longer assure our own national security. When we really need it, they're going to see to it that our country is defeated in a war just like they did with Argentina when the chips were down." So, the idea was spawned not just by the import substitution economists. In Brazil, the military regime labeled information technology as a national security issue. That would facilitate their subsequent decision to retain veto power over that policy, as one of several preconditions to turning the country over to the civilians in 1985.

The Generals were already aware of the fact that the time was coming when the military had to step back and let the civilians in after 20 years. This had to be a very delicately negotiated process, not only in Brazil but in every one of the South American, Southern Cone countries. In Argentina, Chile, and Uruguay, even more so than in Brazil, the issue of amnesty to the military officers who had committed so many crimes and human rights violations while in power had to be resolved before there was a chance to get them to agree to a return to democracy and civilian rule. These military weren't just going to withdraw to their barracks, let the civilians take over and be put on trial for their human rights crimes.

In the Brazilian case, the political compact that the military imposed as the price for allowing the civilians to return was that the military would retain residual rights in certain areas. One of them was to retain control over policy for the Amazon region and the security issues, as they perceived them, that played themselves out there. That included veto power over any initiative the government might undertake to restrain logging and agricultural settlements in the Amazon rainforest, and the attempt to rein in the rampant burning and deforestation that was reaching new heights. The other was in high technology. They were going to have the final word and absolute control over what happens in the area of high technology. As far as the Informatics Law was concerned, the word of the military was decisive, "Yes, we have to be self sufficient, so we're going to build this into our closed economy and develop our own national industry." So, this was settled as part of the necessity of granting them their residual rights in the last few months before they actually left office. No one in the civilian domain, even had they wanted to do it otherwise, could have stood in the way.

There was a third area, a kind of mixture of politics, old, and new. Brazil has always been haunted by inflation, the kind of inflation we can't even fathom, up to 40-80% a month. One of the sectors that became astronomically profitable as a result of inflation was banking. You can imagine what interest rates are when there is that kind of inflation. So, to put it in the simplest possible terms, if banks can take three days to pay a check that you wrote and collect the money due to them in one day, that two day interval float between what they take in and what they pay out, they make a hefty profit. Actually, that is also how many other industries and companies survived in Brazil. Everybody was trying to do the same thing: keeping their heads above water by collecting in 20 days and paying in 30 or 40. You couldn't make any money by increasing production, because of the inflation.

For the banks, it was absolutely imperative to stay on top of the inflationary process, knowing they could make a ton of money if they handled it right. The way to make this thing work was to computerize the entire banking sector as quickly as possible. They decided that the quickest and cheapest way to do it was by developing their own domestic computer and ATM industry. So, it was the banks that decided, with full government blessing, to stake three Brazilian entrepreneurs to start up their own computer companies. They financed it, bought the stock, and literally controlled it lock, stock, and barrel. All of a sudden, three Brazilian companies popped up that were going to make Brazilian computers, obviously with "borrowed technology," to put it euphemistically, and they were going to have a huge, instant, protected, guaranteed market in the banking sector to help them get launched and compete against some of the most experienced, technologically advanced and cost-efficient multinationals. Without that protection, they wouldn't have had the ghost of a chance.

Not surprisingly, countless Brazilian and foreign companies, large and small, that had needs for thousands of new computers refused to buy these overpriced second-rate Brazilian computers built with pirated, obsolescent technologies. That was the beginning of a gigantic contraband operation that resulted in the smuggling in of American computers through Paraguay, to the tune of an estimated $300-400 million a year. But none of it made any difference. Brazilian authorities turned a blind eye to it all for a long time, because there was too much money to be made at their end of the operation. The three Brazilian manufacturers were guaranteed to sell thousands of computers and all that goes with them, including tens of thousands of ATM machines, to the banks that owned them, so that the banks could automate their operations and lock in these incredible inflation-derived profits. That is, in fact, what happened. In order to do that, they shut down the corresponding product lines of their foreign competitors, IBM, Hewlett Packard and what is now UNYSIS. They called the policy "market reserve." Those were the main ingredients and the hardball tactics that signaled the inception of the informatics law.

In 1985, the year after the law came into effect, nobody appreciated or understood yet all the global dimensions and implications of what was happening. We were just dealing with the minutia. Nobody had the context. I certainly had no idea. But we knew that this law was damaging to U.S. economic interests. IBM was the first to start complaining. There were many others who soon followed suit. Soon enough though, many of them stopped complaining when they woke up to the fact that the government would "buy them off" by granting them market reserves of their own in product lines that did not impinge on Brazilian companies' interests. Things got worse later in the year because after they did it to computers, Brazilian policymakers realized that you can't stop there. They moved on to software and the gamut of electronic products, optical scanners in supermarkets, electronically controlled windshield wipers in automobiles, computerized numerical controls for factory machines, and even computerized system controls for entire industrial production lines. So, this grew like topsy over the next 12 months. And in all these latter fields, buying off the multinationals proved to be much more complicated than was the case with computer hardware.

It was very tough back then to really know how exactly U.S. interests were going to be hurt. But by that time, there was something else going on in Washington. Democrats in Congress led by Richard Gephardt began to accuse the Reagan administration of not being sufficiently zealous in defending our commercial and economic interests in other countries and not backing and supporting the American private sector as much as the Japanese. In particular, the administration was faulted for not combating unfair trade practices against U.S. exporters vigorously enough. Remember that in those days the Japanese were seen as all-powerful in international trade, due to heavy government support and subsidies that allowed them to run circles around American companies. That sounds pretty funny today as we have witnessed the vaunted Japanese economy flame out in many areas, but it seemed real to a lot of people back then.

Section 301 of the Foreign Trade Act was available to us to press for resolving such unfair trade practice, and failing that, to invoke sanctions. The Office of the U.S. Trade Representative (USTR), was set up to deal with this kind of thing, but the administration had chosen not to pursue any cases under section 301 up to that time. Now Congress was saying that they were going to take away from the administration some of the leeway that over the years it had given to the Executive Branch to deal with foreign trade. After all, in the Constitution, that function is given to Congress. There was a concerted move in Congress to tighten up foreign trade legislation and basically reduce the administration's flexibility in conducting foreign trade policy on the grounds that they weren't tough enough. So, by the summer of 1985, it became apparent to the White House that in order to head off these congressional initiatives, it was essential to find some device to start acting tougher and find some cases to invoke Section 301 of the Trade Act. That provision basically says that if a county practices unfair trade practices, we investigate it, determine what that unfair trade practice is and the extent of the damage it has caused to U.S. exporters, and try to negotiate a solution. If we can't negotiate a solution, we apply sanctions.

Sanctions have increasingly become a big part of our foreign policy, many times in ways that I think are counterproductive, but at other times, they make a certain amount of sense. This was one of the early steps in the intensification of that process in the foreign trade field. By August, the administration decided to bring a couple of 301 cases on an accelerated basis. It was deemed politically imperative to head off Congress.

So, in September, the first two 301 cases were brought by the administration. One of them was with Korea. I'm not familiar with that one. The other was with Brazil, specifically about the Informatics Law. It was obvious that this was something new and had potentially far reaching consequences. There were a lot of big American companies involved. The political decision was made at the White House that they had to move quickly on a 301 because Congress was breathing down their necks, and they picked this one. But because of the political urgency, they rushed into bringing the case before they really knew very much about exactly what the problem was in terms of the impact on U.S. companies.

The Informatics Law was a great topic of discussion even before I went to Sao Paulo. At the time, I didn't even know that there was a U.S. Foreign Trade Act, but it quickly became apparent to me that this thing was going to be an issue in our relations. Most of these companies and industries, both the Americans that were being harmed and the Brazilians who were the beneficiaries, were in my consular district. Sooner or later, I knew that I would have to come to grips with this topic. At the outset I was completely ignorant. I didn't know a chip in a computer from a chip in a chocolate cookie. I set out on my own to try to learn something about the computer business from the ground up. I started going around educating myself. By September, I had learned probably about five or 10% of what I needed, but it was a start. It seemed to me that I had learned a lifetime's worth, but compared to what was left, it was nothing.

Somewhere in late September, USTR decided that according to Section 301 it was time to start an investigation and prepare a report defining what our problems were. Then we would have to go to the Brazilian government to try to negotiate and resolve the problem. I ended up getting the task of doing this investigation and documenting the case in an environment in which nobody yet had any idea what the specifics of the problem were. Then, of course, they had to have it by November 10th or 15th. There was no way on earth I could get it done by then, but I did get it done by the end of the year. It was a hundred page report that brought out a lot of information, although in hindsight it still only scratched the surface of the totality of the problem.

Q: It suddenly occurred to me that, alright, we wanted to use Brazil as a case to prove our point on trade matters and be tough, but at the same time I could see people on the Brazil Desk saying, "Wait a minute! We want to have democracy in Brazil and you don't want to put any pressure on this government as it moves into democracy." I would imagine that you would get caught between these two. How did that work?

DACHI: That was precisely the way it was developing. The Brazilian government was trying its best to exploit that obvious division of interests. The Brazilian attitude was that Brazil and the United States have a broad array of interests across many issues. We are the two biggest countries in the hemisphere. We have always had cordial relations working out a multitude of issues. Now they accused us of trying to create a confrontation about some petty commercial details and endanger the overall relationship.

The State Department was always resistant to the idea of another agency carving out a piece of the action for itself in foreign affairs. There was nothing they could do when the agency involved was the Defense Department, but having USTR moving into the picture in a big way, as was the case in this instance, was definitely distasteful. The whole idea of contentious economic and commercial relations muscling into the otherwise cordial U.S.-Brazil relationship, recently warmed up after the transition to democracy, was not welcome. At the same time, State was well aware of the fact that this was a White House initiative with a lot of Congressional pressure behind it, so they treaded very carefully and just tried to stay out of it whenever they could.

It was a little bit unusual. Here was a major new issue between the two countries, and State was content to stay as a mere observer in the background, showing no more than a minimum of interest and allowing all the action to pass to USTR. The agency that requested the original 301 investigation was USTR. So, from the very beginning there was a gap between the State Department and USTR. Our reports were going to USTR. Info copies were of course showing up in the Department, but the people who were responsible for carrying the case forward were in USTR. As is often the case in such situations, they were perhaps not as diligent as they might have been in keeping the State Department informed. The State Department was always a little bit peeved about not being totally in the loop, even if they wanted no part in the reaching of any tough decisions. But all of my phone calls and all of the things between Washington and, not only the consulate general, but more importantly at the Embassy in Brasilia and Ambassador Harry Shlaudeman, were per force done mostly with USTR.

It was new for the United States to take such an energetic approach to dealing with what in those days was defined as "unfair trade practices." The Brazilians, for sure, felt that maybe the U.S. government was not as aware as it should be that it was really taking a whole new direction in its foreign policy. Today, the administration deals with these issues with the highest priority as a matter of course. Many of the issues today even in presidential elections such as NAFTA, the World Trade Organization, and the trade surplus with Japan and China are really front burner issues. But back in 1985, we were only at the beginning of what has now become one of the dominant trends in our foreign policy. In those days, it was new. It was new to everybody. The Brazilian government, I'm sure, was not the only one. It must have been one of many that were waking up to the fact that the kind of protectionist practices they had been following without getting too much heat from the outside world were all of a sudden coming under much more intense scrutiny and were going to move front and center in bilateral relations with the United States. It started then.

Q: Anybody serving in a country doesn't want to have an issue like this come up. It makes it difficult. I would have thought part of the reaction from the American side and maybe even from the Brazilian side, "Why us? Why Brazil? Why not the most blatant one, Japan?" Japan was really sticking it to us on all these things.

DACHI: We were plenty concerned about Japan. But the reason that we were focusing on Brazil was because Brazil, one of the most important of the developing countries with a closed, import substitution economy, took protectionism to a new and different level by extending it to the high technology computer, software, and electronics areas. That made the case unprecedented in nature. Brazil was the first and then ended up being the only country that tried to bring all of this new technology under the old closed economy system. They thought it was possible to bring high tech under the kind of protectionism that everything else had been under. That was exactly why you had to take this on. This was indeed plowing new ground. That was the reason Brazil was singled out.

Q: How did this work out? What were you doing and how did you seit?

DACHI: The first phase was to really define the problem. That had not been done. The Foreign Trade Act in Section 301 speaks of unfair trade practices. That was the terminology at the time: unfair trade practices. That meant that countries will play games with tariffs, varying interpretations of dumping laws, countervailing duties, and things that have come to be known as non-tariff barriers to spin the web of a protected economy. It turns out that we began laying on the table what eventually became the starting point for what the World Trade Organization is about today, even though it still doesn't include many of the areas like investment and trade in services that need to be in there.

Trade is where it began, but it was only one aspect. Investment is another, in many ways more important than trade. Brazil had a number of ways in which it was controlling investment, making regulations about how joint ventures were to operate, what percentage of equity could be held by foreign investors, how much a multinational company had to export of products made in-country in exchange for getting import licenses for components, raw materials, or intermediate products. In the latter case, for example, the country would liberate foreign exchange to bring in these components, but demand that the company export a certain amount and earn back for Brazil some of the hard currency expended in allowing the components to come in. So, one of the first points to come out of our investigation was that unfair trade practices is too narrow a term. What we were really talking about was both unfair trade and investment practices.

We also expanded our database both on tariffs and non-tariff barriers. The list of such barriers that surfaced in our investigation began to grow greater and greater. One non-tariff barrier is the regulation I mentioned a minute ago that says that if you're going to import, say $10 million worth of components, you have to export at least $12 million worth of finished product. That way, you're not going to undermine the host country's balance of payments. Every foreign company had to agree to a yearly contract requiring specific export target figures in each of the product categories they were manufacturing in Brazil. More investors went into Brazil than into most other developing countries with import substitution economies, because Brazil was the country with the largest population and therefore the one that offered the largest domestic market. A multinational corporation that wants to manufacture, which was the name of the game in those days (Services were still small potatoes then), would be attracted to Brazil because a large percentage of its production could be sold on the domestic market where they enjoyed all kinds of advantages in price, productivity, and efficiency.

At the same time, there were always limitations as to the profits that could be remitted, although these laws were generally quite reasonable. Brazil represented an almost ideal situation for a multinational manufacturer/exporter, because of the balance between a sizable domestic market and a favorable geographic location as an export platform. General Motors would make transmissions there. Half of them would go into cars sold in Brazil and the other half shipped to other countries where GM automobiles were assembled, including the United States. Export requirements in exchange for import licenses was only the first step in the non-tariff barriers game. The next thing was, they would say, "We're not going to license your bringing in a certain component because we have a Brazilian industry that can make that componen(That was the origin of the so-called National Similar Law.) If something similar is made here, you can't bring it in." Never mind if the quality or price of the domestic "national similar" was competitive or not. That expanded our agenda of issues.

Q: This happened while you were in Brazil?

DACHI: Some of these things were in place before, but we brought it all out into the open, defined it, and put it all down on paper to show that there was a whole mosaic of issues that came into play here with this Informatics Law. When a foreign company couldn't import a P.C. and couldn't assemble one there because only Brazilian companies were allowed to do it, that was a non-tariff barrier. Even though IBM had a plant in Brazil, they were no longer allowed or licensed to assemble personal computers in Brazil. As I said earlier, that was the essence of the market reserve.

The National Similar Law would come into the picture when a foreign company would want to import a product or component and SEI, the Brazilian regulatory agency would say, "There is a company here that makes that component." The import license applicant would retort that the part in question was not as modern and didn't have the latest technology that theirs did. Then SEI would decide who was right, almost invariably in favor of the domestic producer, and would deny the import license. Foreign companies would argue that they couldn't export the product if it contained second-rate components from the domestic market, and they would no longer be competitive in the international market. Accordingly, they couldn't comply with the export requirements Brazil was demanding in return for import licenses. But the Brazilian regulators almost invariably retained the upper hand. To overrule them required the personal intervention of the Minister of Finance. Occasionally one of the big multinationals with powerful political connections might succeed in winning out on a specific matter in the minister's office, but that was only the exception to prove the rule.

On all of these things, the Brazilians required the individual companies to deal with them on a case-by-case, company-by-company basis, insisting on confidentiality so that neither the companies nor the U.S. government could ever compare notes on how this policy was implemented on a countrywide basis. They did it pretty much surreptitiously. For USTR, this was new ground, to put together a road map of what in fact was the entire gamut of unfair trade and investment practices, and the specific regulations invented by Brazilian regulatory agencies to keep the economy closed and to make it work in a discriminatory fashion. By extension, these very same methods have been used by many other countries and still are. So, we really began to produce a documentary on the art and science of unfair trade and investment practices which USTR was able to put to good use in many other countries over the ensuing years.

Q: How did you go about getting the data? I'm talking about you as the Consul General. You said you had already when you got there started to inform yourself. Did you have economic officers/trade officers at the consulate general who could help?

DACHI: We had a small but very good economic section with excellent officers. The State Department tried hard to make sure that well qualified people were assigned to Sao Paulo in this area. But basically I did a great deal of this myself. As often happens, younger officers are really not in a position to take the lead when it comes to carve out new policy ground or risk creating turmoil with host country officials. I had some help from them, but I did most of it myself. Later on, the second and third years, they started participating and contributing more and more.

How did I do it? I started first by just talking to the American companies. It often took the Consul General to get these people to talk about things of such political sensitivity. This was a new issue, and it was new for the U.S. government to show such interest in the companies' dealings with Brazil. They were initially very uncomfortable with it. Every one of these companies had been there for years. Even though they were running into big problems in some areas, they had other product lines and other things where the Brazilian government not only allowed them to go on as before but would keep out competitors in order to help them become more profitable in areas that were not of immediate interest to the Brazilians. In exchange for being "good corporate citizens" and keeping their mouths shut about the new restrictions that were being applied in the high-tech field, they received more lenient treatment on other issues. So, particularly the big companies like IBM and Xerox were very uncomfortable, much more uncomfortable than the State Department, with this new administration thrust to get tough on Brazil for its Informatics Law. They were afraid that a huge part of their other businesses were going to be jeopardized because we were pushing so hard in one area, without due regard to all of the others.

The Brazilians very cleverly exploited this, just like they skillfully played on the divisions among American companies later on when the debt moratorium came into play. They, in fact, succeeded briefly in dividing the American business community along several lines. Xerox would tell us, "Stay out of this. We will work this out for ourselves." The Brazilians would tell them, "Look, if you play ball and you're a good citizen, we'll close our eyes to some of your other practices. We'll keep such and such a competitor out. We'll let you charge twice as much for this. We will give you an extra import license for something you want in exchange for your getting out of this other field that we want to reserve for ourselves. If you keep quiet about it, you're going to make money." So, for me or for any of us at the consulate to get to talk to the Americans, this was a very touchy business because they were under very real pressure from the Brazilian side not to be too candid with us.

What I did was a methodology that I learned in Hungary in the communist era where no one was willing to tell you too much about anything, but lots of people were willing to tell you one little thing. If you talk to a hundred people and get one thing from each of them, you'll have the whole picture even though none of them will give you more than one piece of information. That is indeed what I did. First I talked to the American top executives and then I would ask to see if I could see their plant. The foreman would take me around. The foreman was not as concerned about some of these things as the men up higher. They would tell me some things, sometimes on the shop floor. Next I went on and asked to visit the Brazilian companies and they were also willing to talk to me. They very cautiously presented me their points of view, but each time I had a conversation, some new fact came out that I was pinning on my map. Before it was over, I visited the Japanese and the German companies too. Everybody was afraid to talk to me, but they were polite enough to receive me and try to give me a little bit. By the time we got through, I had most of what I needed.

Q: How did it play out during your time?

DACHI: The report went to USTR. They said, "Well, we've got a lot of ammunition here." The 301 says that once you define the problem, you try to negotiate it. So, the next phase after documenting all these issues, was a series of negotiations. On the U.S. side, there was Clayton Yeutter, who at that time was the U.S. Trade Representative. On the Brazilian side, it was Paulo Tarso Flecha de Lima, who was the number two man in the Foreign Ministry. He is now the Brazilian ambassador to the United States. I was on the U.S. team and there were many others on the Brazilian team as well.

There would be talks to try to straighten this out, try to negotiate, see if we could resolve these issues. It was sort of a ping-pong match. The Brazilians would start out by saying, "You folks don't understand. There is really not a problem here. We work things out with each company. Clayton, you are looking at the big picture and you don't understand, Paulo Tarso would say. We have nothing but satisfied American companies with whom we've worked out all of these things in an amicable fashion." Then Yeutter would turn to me and say, "Steve, tell them about Westinghouse or the Varian Corporation." I would spell out the problem cases in detail, those cases to which the companies involved had no objection to being brought up. I would put on the table some of the most egregious discriminatory practices that had been brought into play. SEI was represented and was absolutely astonished. People would blanch. "How did the guy find all this stuff out?" There were people taking notes like crazy. They couldn't believe that we had actually documented and found out all these things which they had been doing under the surface and meticulously kept out of the public eye until then.

Their next tactic was to accuse me of singling out as problems only the cases of "bad American companies," companies that were "bad citizens" who were not willing to play the Brazilians' game. I remember at a reception one night at the Brazilian Embassy in Paris, where Sebastiao do Rego Barros, who was the number two man on the Brazilian team, said to me, "Tell me, Mr. Dachi, do you distinguish between good companies and bad companies among your Americans in Brazil?" I said, "I don't know what you mean." He said, "Well, you know, companies that cooperate and play a constructive game with us here and the ones that are looking to get unfair advantages and so on. The way you were talking this afternoon, you don't distinguish between good companies and bad companies." I said, "Mr. Ambassador, I have to confess to you that I've never looked at our companies as good companies and bad companies. I only distinguish between companies as either ours and yours." He said, "Well, we're going to have a lot of trouble then."

Clayton Yeutter was a great negotiator as well as a hell of a nice guy and he was trying to be very reasonable, but he couldn't get past this point, that the Brazilians refused to look at all this as a policy issue between our two countries rather than a Machiavellian "rewards and punishments" game with individual companies. In the end, we couldn't get much to satisfy USTR. So, according to section 301, if you can't negotiate a satisfactory resolution, then, by law, you move on to invoke sanctions.

To invoke sanctions, hearings chaired by USTR are held in Washington. in which all interested parties including the companies that would be damaged by the sanctions and the companies that are complaining about discrimination against them can be heard. Then a list of products for sanctions and retaliation is drawn up. That series of hearings took place. By this time, things were becoming very unpleasant and tense in Brazil. It was becoming apparent that even though they had been willing to bet the house that this would never happen, it looked like the U.S. was really serious. We were really going to invoke sanctions.

The sanctions hearings surfaced the next set of issues. Some companies, including IBM, were uncomfortable with sanctions because they had something to gain as well as to lose by letting things stay as they were. But the toughest, biggest issue was, how do you apply sanctions? The trade law sanctions originally were based on the premise that if you don't buy computers from us in some kind of a fair way, then we're not going to buy computers from you. Well, Brazil didn't export computers to the United States. In fact, Brazil didn't export anything in the high-tech category. So, a serious question arose, can you retaliate with products that are not in the same category? This became a very tough issue to resolve. For example, Brazil was exporting over $1 billion a year of frozen orange juice concentrate to the U.S.. That was one of their biggest exports. Were we going to place barriers to that? You couldn't do it because Coca-Cola and Procter and Gamble make orange juice in this country using Brazilian concentrate blended with Florida concentrate. You can bet your life that those companies were all represented with their lawyers to make sure their clients were not affected. That made such a step politically impossible. Every American wants orange juice on their breakfast table and all of it is a blend. We couldn't retaliate with orange juice.

The next biggest item was $1 billion worth of shoes. But, President Reagan had said earlier that we were not going to play any games with shoes because we've got issues with shoes in Italy and in Spain, leather shoes, and in Asia with sandals and so on. He didn't want to open up that huge issue by singling out one country for sanctions, when similar arguments could be made in several other cases where invoking sanctions would not have been convenient for us.

That took the two biggest exports off the table. Pretty soon, a number of other exports were taken off the table for similar kinds of considerations. Finally, we came up with a sanctions list that made virtually no sense at all, consisting of miscellaneous items that almost nobody cared about. Inevitably, they were products imported by companies that were too small to hire high-priced lobbyists to ward off the sanctions. The Brazilian defense was, "How is it fair to retaliate against a machine tool or some other unrelated item for something that you don't like about computers?" So, it became very tough. Since that time, a similar dilemma has arisen on a number of other occasions when the U.S. decided to impose trade sanctions against foreign countries.

Brazil's attitude was, "We don't want sanctions of any kind." Our position was, "Some kind of sanctions have to be imposed." The situation came to a head in a unique way. There was one young but fast growing company involved that didn't have a preexisting stake or physical presence in Brazil. That was Microsoft and the now world famous Bill Gates. Gates was big enough even then, however, that when he said, "No compromise" all the others who wanted to compromise were stymied.

The Microsoft situation was very interesting because it brought software into the equation for the first time. Up to then, all the biggest interested parties were in hardware. In those days, the leading Microsoft software was MS-DOS, which today is only found in museums, I guess. Every few months, Microsoft would come up with a new generation of MS-DOS. They all had a number attached to them. There was 3.3, 4.1, 5.2 etc. This saga began a year or two before the sanctions hearings, when the Brazilian regulatory agency (SEI) had decided that they were going to sponsor, or to be more accurate to subsidize the development of a "national similar" for MS-DOS software. They selected a small Brazilian software company with close ties to the military, paid them to develop a Brazilian MS-DOS version, (we considered it a pirated version), which they did. The deal was that in exchange for coming up with this MS-DOS-like "Brazilian software" SEI would keep the market closed and allow the Brazilian company to make a ton of money by selling it without having to worry about the "real" Microsoft MS-DOS. So they went ahead and did it. Now, all along, the controversy was, was any of this pirated? They insisted that they had developed this at home in its entirety. We insisted that it was pirated, at least in part.

Next, another new reality of the high-tech era came to the surface. While the Brazilians developed their version of MS-DOS 4.2, Microsoft was ready to go with MS-DOS 5.1. Brazil could close the market and develop their ersatz stuff, but they were too slow. They were coming up with software that was obsolete by the time it hit the market. Bill Gates was saying, "Fine, close the market for 4.2 and sell all you want. Let me bring in my 5.You don't have a national similar for that." They said, "No version oMS-DOS can come in." Bill Gates' position was firm. "In that case, I will insist that USTR must apply sanctions." The way our sanctions system works, the CEO of an important U.S. company can in fact do that because USTR considers that its mandate is to take action on behalf of the interests of U.S. companies.

I remember Bill Gates coming into my office one day. I didn't even know who he was at the time. He was not the giant that he is today. He sat in my office and told me, "I'm not going to go along with this. They can't do this to me." When it came time to play the game in Washington, he said, "I've got the leading software technology for computers all over the world. These guys aren't going to keep me out of Brazil by coming up with some pirated second-class version of it. If I let them get away with it in Brazil, they are going to start doing it to me all over the world. I'm number one. I'm the greatest and the biggest. I'm not giving an inch." Since he didn't have a direct investment such as a plant in Brazil, he didn't have a foot in both camps like IBM, Xerox, and all the rest of them, he just said, "No." He couldn't be bought off.At this point Brazil finally realized that sanctions were really going to be imposed. They decided it was time to try and cut another Brazilian-style deal. They chose me as a back channel. They said, "All right, if we can't do it this way, look at this alternative. We know that Microsoft is going to come out with Windows software soon. What if we guarantee you that all Windows systems that Microsoft makes will be admitted, in exchange for you leaving us alone with our own MS-DOS? We can't put this on the table. We're just giving it to you back channel as a deal." They were getting pushed to the wall.

The reason they had to try this was that the company they subsidized to develop their MS-DOS was tied to the military. Had they tried to revoke their license after having invested all the time, money, and energy into developing this second-rate software, they would have an impossible political problem on their hands. Alternately, if they allowed the real MS-DOS to come in, nobody would have bought the Brazilian product and the company would have gone bankrupt. The only way out that they could see was to "buy them out" with more money than the company could have made by selling the software in a closed market. They had done this before with private start-up companies they had subsidized that subsequently went bankrupt and were bailed out with this method. I had one friend in Sao Paulo who became a very wealthy man by selling off his bankrupt company to the state in this manner. So, they had a precedent for trying it again. When Bill Gates heard about it, he just laughed. He said, "I am making no compromises. Nobody pushes me around. I don't have to make any compromises. Either it's my way or it's no way."

In Brazil, there was a Supreme Council of Informatics that was a sort of board of directors for SEI. It had 16 members. They were all Cabinet ministers and military. This Council had been rubber stamping everything SEI had proposed since its inception. But in the case of Microsoft, they found themselves for the first time between a rock and a hard place. Sooner or later, it came down to the fact that the only way Brazil could avoid sanctions was to back down on this, have the Supreme Council overrule SEI and vote to license Bill Gates exactly the way he wanted it. We launched a discreet lobbying campaign that I carried out with the full support of Ambassador Harry Shlaudeman. It was one of the things that I feel the best about in my career because when we got through, that Council voted something like 16:6 to cave in and license Microsoft software. Of course, the threat of sanctions played a large role in that as well. That was a big turning point. Within two years, the Informatics Law was gone. We played that really well, I thought. We were the visiting team playing in someone else's field and we won. I just loved that.

Q: Let me ask a couple of questions. Did you get any support as you were moving on this issue from other countries (the French, Germans, British, and Japanese)?

DACHI: That is a very good question. They did what they always do. They said, "Terrific! Go get'em [them]! We're going to watch. We're not going to get involved. You are the only one that can play this kind of big power game, but we're behind you 100%. We are a few steps behind, but we support you totally. You're absolutely right. Do this." In real terms, they did nothing. They gave us a lot of "moral support."

Q: That and 25 cents will get you a cup of coffee.

DACHI: Right. But they were delighted that we were doing it. It would be inconceivable to the French or the Germans to do something like this. Only Americans who are used to playing the superpower game take to this naturally.

Q: Also, in a way, this appeals to the Americans in that there is a principle involved. Often, we'll go off on a principle rather than make deals. It's in our psyche. Would you say that?

DACHI: It's true in general. But there is an additional, specific thing behind it. We have a Foreign Corrupt Practices Act, which prevents American companies from playing the kind of game that Europeans and Japanese play with impunity all the time. All of these kinds of corrupt practices and bribes that they use without a moment's hesitation is something that is legally prohibited to American companies and the largest majority of them don't engage in it. That means that the Europeans feel they can work things out in the traditional third world style, by pulling their own kinds of deals. They did it then and they're doing it to this day wherever they can. That is not available to us.

Let me give you a couple of other specific examples of things going on in connection with informatics during my time there. General Motors was upgrading the automobiles they were assembling in Brazil. More and more electronic components were coming into use, from electronic windshield wipers to disk brakes, sophisticated radios, cruise control and so on. GM has a subsidiary called Delco Electronics that has been part of General Motors since the 1930s. Delco Electronics developed the first electric starter so you no longer had to use a crank to start a car. It has been developing new products and more recently electronics for General Motors worldwide ever since.

One fine day, the Brazilians decided that Delco Electronics would no longer be allowed to supply electronic components to General Motors in Brazil. GM would henceforth have to purchase those products from a Brazilian company under the guise of the national similar law. The only fly in the ointment was that there was no Brazilian company making such components. So, they set up a new Brazilian dummy company and wanted to force Delco to sell, or to be more exact pass through its electronics through them. They in turn would then sell it back to General Motors as a Brazilian product. It created the absurd situation that GM couldn't import technology components for their own cars from their own subsidiary.

What made the Brazilians do it? It is common knowledge by now that corruption has become a highly sophisticated art form in scores of developing countries around the world, and Brazil has had its share of spectacular cases to come to light. Just a few years ago, President Fernando Collor de Melo was in fact impeached for corruption and had to leave office, an unprecedented event. In the GM case, the Brazilians set up a dummy company with the sons of three retired military officers. It was a paper company. It produced nothing, had no operations. They obviously offered no value added to the Delco products. All they wanted to do was get this stuff from Delco and resell it to General Motors. It was laundering General Motors' own proprietary technology through a fictitious company. That's a blatant form of corruption, even though it was set up ingeniously to look like a legitimate business in keeping with Brazilian laws. Again, this type of thing, another textbook example of the infinite variety of corrupt third world practices, is happening in lots of countries nowadays. I recently read a story of a similar giant scale scam in the pharmaceutical field run by the Algerian military. The Indonesians were pretty good at it too. It didn't surprise me that General Motors wouldn't have any of it. No company in its right mind would go along with that. Whether it would bother Fiat or Renault or Toyota, let me just say I don't know.

Westinghouse was another example. Some years earlier, they won a contract to supply the high-tech equipment for a number of large energy plants in Sao Paulo state. Before the informatics law came in, they had installed what are called system controls, where the entire production line is regulated by a series of computers, a whole integrated, portal-to-portal system that is computer-controlled. When it came time to upgrade the plant, to come up with a new generation of technology, Westinghouse was not allowed to bid on modernizing its own high-tech system. Only Brazilian companies could bid on it. These to me were outrageous kinds of things. When we started putting such cases on the table in government negotiations, everybody feigned shock because these high-level officials don't normally either like to admit knowledge about such things or else don't like to get their hands dirty by poking their nose into such matters. Unless of course they have a piece of the action. At our first round of negotiations in Paris their reaction was to deny it all, but it was clear they were embarrassed. Whether they knew about it or not, obviously it was painful to have such shady practices brought out by a foreign delegation in a diplomatic negotiation.

Q: As you were going through this, did the Brazilians try to retaliate against American firms. Were there problems? What about the American firms that, like IBM, had been learning to live with this situation? What was happening?

DACHI: There was always talk of counterretaliation. When things were coming close to sanctions, they were always threatening to do that. (Recently, the subject came up in negotiations with the Chinese and they did retaliate. They bought a number of airplanes from Airbus Industries when they promised earlier to get them from Boeing. They got mad at our pressure on them in U.N. bodies on human rights). However, the options for Brazil at the time were very limited. They knew that in the end, if they start counterretaliating, they are going to be playing our game and nobody knows how to play the big power retaliation game as well as we do. They knew they would lose if they did that. What they did instead as a last resort was to try to divide the American business community. By the time the sanction hearings were held in Washington, they had almost won the game. Every company that was invested in Brazil backed down and was trying to work a compromise. At the hearings, most U.S. companies testified against sanctions. The only guy that couldn't be split off was Bill Gates. He didn't have anything by way of direct investment in Brazil, so in effect he had nothing to lose. As we said earlier, however, the Brazilians backed off at the last minute, Microsoft Dos software was licensed for import and the sanctions never came to pass.

They used the same strategy with the foreign debt. At the same time as all this was going on, they had also declared a moratorium on the foreign debt. They wouldn't (or couldn't) even pay the interest, much less the principal on their nearly $100 billion foreign debt. That put the western banks, American, European and Japanese into a bind all their own. But soon, another "Brazilian solution" was devised which of course remained an unstated policy. Citigroup and a few others had large retail commercial banking operations in the local market. The Brazilians left those alone. In the hyperinflationary atmosphere of the times, the foreign banks were allowed to make the same huge windfall profits as the Brazilian banks. Those profits helped to compensate in part for losses from the medium and long-term debt moratorium. Then there were the short-term loans for commercial transactions Brazil absolutely had to have to finance essential imports. Those were also left alone, even allowing the banks to greatly increase their interest rates on them and thus recover a large part of the remainder of their losses. The net effect was that the major U.S. banks also opposed the proposed informatics sanctions because they were spared major losses from the debt moratorium and allowed to continue operating freely in Brazil.

Then there was a large group of companies like Monsanto, Dow, Dupont, Eastman Kodak, the auto makers and the auto parts manufacturers that weren't involved in either the informatics or the debt moratorium problems. They never had any trouble taking out profits from Brazil and faced no new restrictions on remitting them in hard currency in spite of the moratorium. They initially made their profits in Brazilian currency of course. According to the law, they could take out more or less eight percent of their profits at no remittance tax, the next four percent at a relatively low tax and the next four percent at a much higher tax. (I'm not sure of the exact figures). They could go to the Central Bank with their Brazilian currency and convert them to dollars. The American banks, on the other hand, although they were receiving interest payments on the debt in Brazilian currency, could not go to the Central Bank and convert it into dollars. (The moratorium was on hard currency payments which all the loan agreements required.)

Given the volatility of the situation, it was not surprising that most of the CEOs from the 400 some American companies in Sao Paulo were down there visiting all the time. I was in on several dozen meetings in which these kinds of issues would be discussed. As I was saying, there was a moratorium on debt payments. On the other hand, Dow, Monsanto, Dupont, and the others could always take their profits in Brazilian currency, convert them to dollars, and take their money out. The large difference in the way American companies were treated led to a significant split between them, just as the Brazilians intended. I would have breakfast with the heads of Citibank, Chase and Manufacturers Hanover. Then there would be the guys from the other companies. They would inevitably start arguing vigorously with each other over the perceived favorable treatment one group was receiving over another. Obviously, the Brazilians split off all the manufacturers who were having no difficulty operating. The latter in turn were hassling the banks as to why they were making such a fuss about some stupid little interest on part of the debt, while keeping their other operations going at higher profits, and making it more difficult for the rest of the companies to work normally in Brazil. That was the Brazilian "divide and conquer" strategy. For a short while, it was fairly successful.

The story of the banks was revealing. Take Citibank, for example. It was the biggest one. To elaborate a little more, there are several kinds of debt. There is long and medium term debt. That is where the moratorium was in effect. There is also short-term debt. Short-term debt is what is used to finance exports and imports. In other words, if Brazil wants to import something, they have to come up with dollars to pay at the point of shipment. The importers wouldn't get their money back until they sold the product. Somebody had to finance that. So, the banks continued financing that trade and Brazil had no choice but to pay the interest on it. Otherwise, they couldn't finance their everyday import necessities. So, what did banks like Citibank do? They weren't getting paid interest on the medium or long term debt, but the Brazilians allowed them to charge three times as much interest as the market rate on their short-term debt. So, Citibank would make back what they lost on their long-term debt by charging more on the short-term debt. The Brazilians used that gambit to keep Citibank "playing the game and staying on the Brazilian side."

There was another component. Citibank had retail banks. They had Citibank branches all over Brazil. As we briefly touched on earlier, when you have 40-60% inflation a month, banks make a lot of money in this kind of an inflationary situation. Citibank was making a fortune along with the Brazilian banks on their domestic operations. So, that was a Brazilian strategy, to play the Brazilian game, make a deal with every company consisting of "get hurt here but benefit there," and so on. That is how it was working. So, even though the U.S. government was ostensibly acting to defend American business interests on informatics, the Brazilians were brilliantly managing their American investors and trade partners to divide their loyalties and keep them from lining up into a solid front with the U.S. government on the sanctions issue.

Q: With the moratorium, did that get settled while you were there?

DACHI: Over a period of many months, Brazil's debt was restructured and the moratorium on interest payments ended. One avenue that was employed was what eventually came to be known as Brady bonds. On the informatics side, MS-DOS was licensed shortly after I left. Not long after that, there was another election. There was a new government, economic reforms and trade liberalization were introduced and the informatics law gradually disappeared.

Q: What was the local situation for your consulate general vis a vis the Brazilian government? What were we observing and what were we doing?

DACHI: In Brazil or in Sao Paulo?

Q: Let's stick to your dealings in your consular district.

DACHI: After this trade and investment issue, which was number one, there were two other big issues that were of great interest to the U.S. government and which were also basically playing themselves out in the Sao Paulo consular district. One of them was the nuclear issue. Both the Brazilians and the Argentines were suspected of working on a nuclear bomb at that time. They wouldn't sign the Treaty of Tlateloco, a regional version of the Nuclear Non-Proliferation Treaty, but I should quickly add that since then, both Brazil and Argentina have gotten out of this business. That is no longer an issue. At that time, it was a big thing. The other problem was that Brazil had a very substantial arms industry. They made fighter planes, satellites, ground to air rockets, missiles, possibly nuclear weapons, and a lot of sophisticated conventional weapons that they were exporting to other countries, not all of which were on our list having the Good Housekeeping Seal of Approval. They did business with Libya, Iraq, and Iran. All of this was of great concern to us. A lot of that monitoring was going on through our consulate general, but obviously by intelligence agencies that I didn't directly control. But it was all playing there. People were very busy doing very important things.

In a more traditional and conventional way, since well over half of Brazil's gross domestic product is produced in the Sao Paulo consular district, which includes Sao Paulo as well as another economically significant state, Parana, to the south, we did a great deal of economic reporting. I would say we did about half the economic reporting for the country and about 1/4 of the political reporting. Again, a lot of the movers and shakers in the Brazilian political picture were from Sao Paulo. That also held true in the agricultural area. Brazil is a huge coffee producer. There is an international coffee agreement. Between half and three quarters of the coffee in Brazil is grown in Sao Paulo and points south. Brazil is the second largest soybean producer after the United States and our biggest competitor in soybean exports to Europe. A lot of the soybeans were grown in that area. So, we had a very large agricultural attache operation just like they had in Rio. Both Rio and Sao Paulo had military attaches which is practically unheard of in consulates general. The country labor attache was stationed in Sao Paulo. The commercial office and the U.S. Trade Center in Sao Paulo was also to some degree a tail that was wagging the dog, because so much of the trade and business was taking place in that district. So, all of these things made that place unique, not to mention maybe 1,200 non-immigrant visas a day issued with a tiny staff during high season. That kept us pretty busy.

Q: How did you deal with the governors of Sao Paulo and the municipal and state governments? What was your impression of how they worked?

DACHI: As far as how I dealt with them, our dealings with these official state and municipal agencies were minimal. Government to government relations were carried on in Brasilia. Even the governor of a state like Sao Paulo with a population of 32-34 million people, bigger than all of Argentina, didn't have a whole lot to do with issues that were of interest in our bilateral relationship. I would say that 95% of it was a protocol relationship. There was very rarely some issue to deal with on the government side.

Q: In this 1985-1988 period, were there problems with urban terrorists? An American military officer had been assassinated in Sao Paulo earlier on.

DACHI: That had diminished very greatly by then. We were still on a relatively high state of alert. I certainly had a lot of security around me. I still had a fully armored vehicle and bodyguards and the residence was protected to a very high degree. But by that time, people were beginning to think that that was no longer essential. They started phasing it out shortly after I left. There was and still is a great deal of crime, but terrorism had abated considerably. Our residence, the car and everything, our procedures were still at a pretty high level of terrorism alert, but there was practically no terrorism anymore in Brazil by the time I got there.

Q: Were there any other issues that we should talk about before wmove on?

DACHI: There is this transition business. That is actually just one story. Then the other, I don't know whether you want to talk about it or not. It's also a specific circumscribed case. In my first year there was when the remains of Nazi war criminal Josef Mengele were found and exhumed. I had a very key role in the investigation that allowed him to be identified.

Q: Did this go back to your dental work?

DACHI: That's right. That was an interesting story. Whether ibelongs in here or not, I don't know.

Q: We might tell it, but first why don't you talk about thtransition?

DACHI: There is only one story of my involvement in that. After 20 years of rule, when it became apparent that they were going to let the civilians take over, the military, as we said earlier, made sure that certain areas in public business would remain under their control or influence. Secondly, they would only agree to an indirect election of the first civilian president. The man who was sort of chosen by a civilian consensus to be the man to run in this election was an old traditional politician, Tancredo Neves. There was a lot of suspicion that in the last minute the military would change their minds and somehow prevent Tancredo, as everybody called him, to be elected. Anyway, the election was held and he won. The Vice President was Jose Sarney. Tancredo Neves unfortunately died before his inauguration. But the circumstances of his death were most unusual.

On the surface, the case seemed to be simple enough. He developed some kind of tumor in the abdomen. They operated on him. Instead of getting better, however, he got worse. They performed all kinds of heroic medical measures, far too late to do any good, and he died anyway. What happened afterwards goes to show that the United States is not the only country that loves to be absorbed by conspiracy theories. The speculation about what really happened, and the suspicions and tales of dark conspiracies as to why it happened spread like wildfire. Our superiors in Washington also got caught up in the game of "whodunit." The temptation to suspect foul play was great, given that Tancredo seemed to be in perfect health until the sudden announcement of his operation, and the flood of speculation and political intrigue about his emergence as the military's chosen candidate was running rampant. Everybody was asking "what really happened, what are they covering up?"

The background to this story is enriched by an interesting coincidence. Ronald Reagan and Tancredo Neves were more or less the same age, in their early 70s. They both developed a tumor of the intestine in practically the same location, at practically the same period of time. The tumor of Tancredo Neves turned out to be benign. He was operated on and within six weeks was dead. The tumor that Ronald Reagan had in the same spot was malignant. Six weeks later, he was back at the White House giving a state dinner for the Prime Minister of China and was fully recovered. The difference, as it turned out and as I unearthed and reported, was a difference in the standards of medical care as practiced in the United States and in Brazil.

It turned out that poor Tancredo Neves did not die as a result of a political plot or conspiracy, but became a victim of a blatant case of "miscarriage of medical care." Standard medical and surgical procedures that were common knowledge practically since the beginning of this century were ignored and violated. The CIA was extremely interested in finding out what exactly had happened. The administration was interested in it too, because there was a risk that the transition to democracy could be imperiled if Jose Sarney, who didn't have the status and the prestige that Neves had, were to become president. So, we were concerned, but we weren't getting much information because Tancredo's doctors and the Neves family really circled the wagons and kept all information about his medical status out of the public domain. As always happens in such cases, that just brought rumors and public speculation to a fever pitch. Tancredo got worse and worse and finally died. And, nobody knew what the hell had happened. Certainly the Brazilian public didn't know.

How did we find out? By the time Tancredo Neves was so sick that he obviously was going to die, the family and his doctors finally called in an American specialist from the Boston area. They swore him to secrecy. The man was a renowned specialist in emergency care. He had looked after several chiefs of state including various kings, queens as well as Leonid Brezhnev. He came and examined Tancredo, talked to all the physicians involved, but by the time he got through with that, Tancredo died. Even after his death, the specialist did not make himself available to anybody. No one in the family or among the Brazilian doctors was talking to anybody about anything either. Had any part of the truth come out at that point, it would have unleashed one of the biggest scandals in Brazilian history.

I "cold called" the American doctor at his hotel. I said to him, "I just wanted to say hello. I am the Consul General here. Is there anything I can do for you." He said, "I'm fine, thank you. It's all over and I'm leaving tomorrow." I said, "How about lunch?" He said, "Okay, we'll have lunch." We sat down to have lunch. I started chatting with him about my medical background and slowly, almost without realizing it, he began to tell me the medical story of what had happened. He had really unearthed this thing from a medical standpoint from beginning to end. Well, with my background, I was able to follow what he was describing, the terminology. I could tell from the beginning that this was extremely exciting. I decided to tell him that, unfortunately, I had an upset stomach and so every 10 minutes I had to excuse myself. Every 10 minutes, I would got to the bathroom and furiously write down everything he had said up to that point and then go back and talk to him some more. The end result was that I got the whole story. The whole story was basically that of a bunch of doctors failing to use common medical and surgical practice that had been well known and accepted for at least 50 years. They committed the most atrocious medical and surgical errors imaginable every step of the way. So, in that sense, they literally killed the man. They couldn't have, medically speaking, done any worse than they did.

There was a series of things there. It actually started with Tancredo himself and the fact that he was very suspicious of everybody and everything going on at the time. Plus, he didn't like to go to doctors. He refused to go to specialists early on because he didn't trust them. He insisted on staying with his own little village hometown doctors who truly didn't know enough about modern medicine. Tancredo himself made matters worse by refusing to consider the possibility that he may need an operation. So his local doctors gave in to him and treated his worsening abdominal pain with antibiotics, even though there were growing signs that he was developing a bowel obstruction. That was a horrible mistake, delaying the inevitable at the insistence of the patient, until the case became a life threatening emergency. Finally the obstruction did set in, and he had no choice but to go to some surgeons in Brasilia. They operated on him two days later. What they found at surgery, as we learned from our American specialist, was that a benign tumor of the bowel which should have been removed much earlier, had grown to the point of obstructing the bowel. Inevitably, an infection and an acute abdominal abscess developed, necessitating the surgical intervention that was performed.

That should have been the beginning of his recovery, but instead it turned into the beginning of the end. The surgeons in Brasilia acted unconscionably. They were so eager to derive maximum publicity for operating on the President-elect, they called photographers into the patient's room the day after the operation so they could have their pictures taken with him. They got Tancredo to sit with them on the couch, which in itself is not that big of a deal the day after surgery, and had their picture taken. But they made a fatal mistake. It so happens that after intestinal surgery, the intestines become paralyzed and stop functioning normally for a while. Without sounding too indelicate, one of the things that happens is that you generate a lot of gas that has to escape some way. It can't come out in the usual channel because that is temporarily stopped up. For patients who have abdominal surgery it is therefore standard practice to put a tube through the nose into the stomach so that one can get rid of (pass) the gas. Well, Tancredo, not unlike many willful patients, wanted that tube out of there so he could get his picture taken looking like nothing had happened. The surgeons said, "Fine." They took the tube out so that they would have a nice photograph. But as every minimally competent surgeon knows, after all it was a routine surgical fact known for decades, once the tube is taken out you can't put it back in. What followed was as predictable as night follows day. Within three or four days his stomach, bloated with all the trapped gas, literally exploded. It blew up! The sutures opened and everything blew up. The infection that was present from the original obstruction and the ensuing operation spread all through the abdominal cavity, provoking a generalized systemic infection known as sepsis. It was criminal to allow something like that to happen.

But that was not the end of it. They compounded the error with two more crucial mistakes. They sewed his stomach back up with steel wire, once again cutting off all possible escape routes for the abdominal gases, and flooded the patient with a mixture of all the different antibiotics they could lay their hands on in the hospital pharmacy, to combat the system-wide infection that was now threatening the survival of the patient. That is the exact opposite of good antibiotic therapy, which calls for culturing the organisms recovered from the abscess and running laboratory tests to see which specific antibiotic they are most sensitive to. On the one hand, they failed to even take a culture, on the other, by mixing all the antibiotics together they made it impossible to subsequently test for sensitivity to any one of them. When you spend all your antibiotic bullets at the same time, if an antibiotic-resistant organism develops, it becomes resistant to the entire mix and you have nothing left with which to treat it. The result: the infection gets out of control, spreads all over, and the patient dies. That is what happened to Tancredo. (When Tancredo took a major turn for the worse, he was sent down to Sao Paulo into the care of some of the most prominent specialists in Brazil, but by that time it was too late).

I wrote this up in a cable called "The Death of a President." I wrote it up in medical terms, laicized a little bit, and sent it off. This created a sensation in Washington. Tony Motley was the Assistant Secretary of State for Latin America. He called me up and said that this was the only cable from a Latin American embassy during his time there with which Ronald Reagan was so fascinated he actually read it from beginning to end. I got a letter of commendation from Director William Casey of the CIA. He said the CIA doctors had read the whole thing from beginning to end and concurred with my analysis and description of the medical events that led to Tancredo's death. I was sort of a "folk hero" there for a while in the Agency because of this cable. So, on the one hand, this information showed that there was no military or other nefarious political manipulation. On the other hand, it was a dramatic story of how doctors had actually killed the President-elect of Brazil out of pure ignorance, at the very time when the finest medical techniques had saved Ronald Reagan from a cancerous condition that was far worse.

Q: You might tell the story about Mengele. Who was Mengele and hodid this happen in your consular district?

DACHI: Josef Mengele was a doctor with the German SS. He was assigned to Auschwitz. At Auschwitz, he was the man who conducted the bulk of the medical experiments on the inmates and, in particular, was doing all this research on twins that became so notorious subsequently. He was one of the major Nazi war criminals who was not in custody at the time of the Nuremberg trials. After the war, he hid in Germany for a while but then with the assistance of his family, which owned a farm tool company in Germany, escaped to Argentina, where he lived under an alias for quite a few years during the Peron era without much danger to him. After Peron was deposed in 1955, many of the Nazi war criminals hiding in Argentina began to feel less safe and Mengele for one, moved to Paraguay. He acquired Paraguayan citizenship under his own name. President Alfredo Stroessner the Paraguayan dictator was well-known for hiding Nazi war criminals, although Argentina was the most notorious of them all. They certainly protected a huge number, took their wealth, and so on.

In 1961, after about 18 months in Paraguay, Mengele moved to Brazil. By that time, the West German government was trying to look into his possible extradition. Another dangerous development for him was the fact that the chief administrator of the holocaust, Adolf Eichmann, had been captured in Argentina in 1960 by the Mossad, the Israeli intelligence service and spirited out to Israel, where he was tried, convicted and eventually executed. Mengele went to Brazil in 1961 and went back undercover with a new alias, Peter Hochbichler, after living openly under his own name in his last few years in Argentina and subsequently in Paraguay. He was taken to a remote farm in the interior of Sao Paulo state by a fellow Nazi who aided him in crossing the border, and he was sheltered there by an Austro-Hungarian Nazi couple for several years. They at first didn't know who he was. Later, they found out, but continued to shelter him. He eventually moved on to be harbored by a German-Brazilian couple with Nazi sympathies in Sao Paulo. (The wife was a teacher at the German school in Sao Paulo.) Eighteen years later, in 1978, he went to the beach in Bertioga, a town not far from Sao Paulo with this German couple. While he was swimming, he had a stroke and as a result, he drowned. They buried him secretly under a false name. Even after all that time, everybody in the world still thought that he was in Paraguay. No one suspected he was in Brazil, even though his son had gone there clandestinely to visit him once before he died and once again after his death, to recover some of his possessions.

All those years, no one, not even in the network of the many Nazi fugitives hiding out in neighboring countries, really knew where he was. His family in West Germany always knew and had been in regular contact with him both by mail and through personal emissaries. But they had always paid off enough people in the local police in Gï¿½nzburg, Germany where they lived, so that they could never find or seize any evidence. Then in 1985, about the time I arrived in Brazil, the last guy at the local police in Gï¿½nzburg that they had paid off died or retired. At that point the German police raided the Mengele family house and, for the first time caught them by surprise and found some letters and other documents. Based on that evidence, they found out where he was living. They came over to Brazil, staked the place out in the Sao Paulo suburb of Santo Amaro and together with Brazilian police went in, seized the couple that had hidden him and learned that Mengele was no longer alive. The family took them to a grave where they claimed they had secretly buried him and the remains were exhumed. Then the large scale operation to determine if this really was or wasn't Mengele began.

The U.S. had just signed an agreement with Germany and Israel that we would henceforth cooperate more closely on Nazi hunting operations. But the Germans were so eager to nail Mengele and get the sole credit for it that they actually came over and together with the Brazilian police staked out the house and exhumed his body without telling us. Of course, we didn't like that, to put it mildly. In any case, the Brazilians didn't buy into the proposition that all this was to be done in secret, and we found out about it when they invited a TV crew to the exhumation, which was then covered in macabre detail on national television. Within hours, a large group of people including hordes of journalists, were on the way down from the United States. The Justice Department sent a team of forensic specialists, including fingerprint and handwriting experts. A group of U.S. Marshals was on the way. The Simon Wiesenthal Center in Los Angeles was sending its own set of independent specialists. This was serious business.

As I was learning in a stream of phone calls about all these people who were coming down from Washington on the next plane, I happened to see Brazil's Minister of Justice holding a televised press conference stating that none of the American specialists would be given a visa, because Brazilians were perfectly qualified to perform all the necessary investigations and forensic tests and no foreigners would be allowed to horn in on that process. Within minutes, I got another call from Washington, where people already knew of the Minister's statement. They instructed me to do whatever was necessary to make sure that when that plane arrived early the next morning, everybody on it would be issued a visa on landing and be allowed to enter Brazil, a step Brazilian authorities had without exception refused to take in the past.

I requested and was granted an immediate appointment with Romeo Tuma, the Sao Paulo head of the Brazilian Federal Police, the legal controlling authority for decisions on visa issuance. On my way to his office, I thanked my lucky stars that I had made a courtesy call on Tuma shortly after my arrival in Sao Paulo just four or five weeks earlier, so at least we were acquainted.

When I sat down in Tuma's office, he of course was also aware of the statement the Justice Minister, his boss, had made a couple of hours before. I decided to try a personal approach. I told him of my childhood in Eastern Europe, of having lived through World War II, of having witnessed the holocaust. I mentioned the fact that six million people had perished in the holocaust and that Joseph Mengele had been one of the most infamous of the Nazi war criminals, in charge of sending people to the gas chambers and performing the cruelest of human medical experiments at the Auschwitz concentration camp.

Then I came to the point. I said there were still thousands of holocaust victims and survivors living all over the world, many of whom had been personally tortured by Mengele. I said, "Mr. Tuma, those people are still suffering today. Maybe their wounds have closed, but they have not healed. There is nothing more important to them than to find out what happened to Joseph Mengele. And those people, Mr. Tuma, have the right to be present, to be a witness to this investigation. The people coming down on that plane are coming to represent them. Please do not keep them out." The results of that little speech were stunning. Tuma, who had listened to me intently, said O.K. without a second's hesitation. The next morning, everybody was admitted to Brazil without a hitch.

By the next afternoon, the U.S. team of forensic experts was in place, ready to go to work. The Brazilians as well as the Germans put together their own teams. The Israelis, who have always kept their distance from cases like this and choose not to get directly involved, just sent an observer.

My instructions were to follow this case for the U.S. government because, better late than never, we wanted to know exactly what was going on and we wanted to make certain that we knew for sure whether this really was Mengele or not. Nowadays, you can identify people by DNA. That was not yet the case back in 1985. You only had fingerprints and dental records. Of course, there were no fingerprints. The exhumation only yielded a skeleton. If you have dental x-rays taken of someone before he died and you are certain of his identity, you can take x-rays of the skull and match up the teeth very accurately. So, a bunch of people went to work on this. I was just an observer at that point. I was sitting in on all these sessions.

After about a week, the various forensic specialists started comparing and discussing their findings, using slides to project their data on the wall, and so on. The Germans were the most methodical. They projected a chart of the skull on the wall. On that slide, they had over 40 numbers or labels attached to each anatomical angle, curvature, and point on the skull. Through a technique called craniometry, you can match that up with photographs of the person you are trying to identify and measure those same features. Then you overlap them and if they match, you can make a pretty good identification. Well, they put this thing up on the wall. They had everything on that skull numbered for every single anatomical feature of the skull. There was only one thing on that skull that didn't have a number next to it. That was a hole in the left cheekbone which was clearly not an anatomical feature. It was a hole that to me at least, was obviously caused by a pathological process. With all the experts and scientists who were sitting there looking at it, not one of them had noticed it.

I took a look and said, "What the hell is that hole doing there?" They said, "What hole?" I said, "See that hole over there? You don't have a number by that one and that's not an anatomical hole." They said, "Really? What do you know about it?" I said, "Well, in my younger days I not only was a dentist, but I happen to have specialized in oral pathology and was a diplomate of the American Board of Pathology. Come and take a look at this skull." We took a closer look at the skull and, sure enough, it became apparent to everyone that this was most likely to be a pathological hole, not an anatomical feature. I am skipping over a lot of details. After several days of discussing and weighing the options they asked me to do the pathology work together with a Brazilian specialist and try to establish that this hole really was a pathological abnormality and not an anatomical feature.

Q: When you say it was pathological, what do you mean?

DACHI: It's from some kind of disease process that destroyed part of the bone rather than an anatomical feature. So, together with the Brazilian pathologist, we prepared some slides from the bone tissue and performed a microscopic examination. We established that there had been a long-term infection in the maxillary sinus of Mengele's upper jaw. From questioning the people who had harbored him, we knew that while he was hiding out in Brazil for years he would get big dental abscesses and infections with swelling in his face and that some years later he had had a root canal done. During his first few years in Brazil he had been afraid to go to the dentist because he was afraid of being discovered. So, since he was a physician, he would lance the abscesses with a razor blade and drain the abscess himself. I am trying to keep this thing relatively palatable for you in language. So, basically he had an infected tooth for several years before he had a root canal done, and because this infection was not treated properly for so long, it worked its way into the sinus and eventually leaked or drained out to the face through the perforation or hole in the part of the cheekbone covering the maxillary sinus. By the way, there was a scar on the face that matched the hole in the skull that they didn't notice either. I said, "Hey, this is where the tract that the infection was draining through chronically over the years broke through the skin."

Once we established by microscopic examination that the hole in the skull was connected to the infected maxillary sinus, the officials in the Office of Special Investigations (of Nazi war criminals) at the Department of Justice had me come up to the Smithsonian to make a presentation of the evidence. They invited back all the forensic scientists who had participated in the original investigation and I presented the findings, speaking as a fellow pathologist. I showed them the results of the study and explained the whole thing. The findings were accepted as valid by all the specialists.

Then came the end game. The people from the Department of Justice said to me, "Look, in the meantime, we have studied Mengele's diaries that were found in the house in Santo Amaro. They have been authenticated by handwriting specialists who have confirmed that they were written in Mengele's hand. In the diary, Mengele made several notations about going to a dentist to have a root canal done. Obviously, there must be some dental x-rays from that root canal somewhere in Brazil. Would you be able to find them?" We all knew that if we could find the dental x-rays, we could do the standard, legally valid forensic comparison and definitive identification. I agreed to try.

When I returned to Sao Paulo, the first thing I did was to go to the Brazilian Federal Police. The diary was written in a crude, informal code, so it wasn't totally clear to any of us who that dentist might be. But I gave the information to the Brazilian police. They came back within two or three weeks and said, "We can't find him." Then the Justice Department, asked me if I would look into it further on my own since the Brazilian Federal Police wasn't able or willing to do it. I then undertook a detailed investigation. I broke the code of the diary. With that and with various other bits of information, eventually I found the two dentists who had treated him, one the specialist who had done the root canal and the other the general practitioner who had made the referral. Then I found the x-rays in the files of the general dentist. With these x-rays in hand, the forensic dentist from New York who was a member of the original team returned to Sao Paulo and the final identification was done.

This created an international problem that perhaps would be of interest to talk about here. But just to finish the dental part, there were a number of people who could not accept this evidence, even though medically it was beyond any argument. Five years or so later, the DNA tests which had come into use by then, were done and authenticated the findings. They validated what I had done. At that point, the German government finally accepted the identification. (The Department of Justice had accepted the finding immediately upon completion of my investigation in 1986.) The government of Israel has not said anything publicly one way or the other to this day. I should add, however, that the chief coroner of the Mossad came over to Sao Paulo in late 1986 and went over my work with a fine tooth comb. Afterwards, he came to my office and told me outright that based on his own review he was convinced that everything I had done had been absolutely correct, and there was no question in his mind about the validity of the identification.

Q: So, there you were back in the dental business.

DACHI: The first four months that I'm in Brazil, I'm doing the death of the President. Then I did Josef Mengele. Then I started on the informatics case. This was a pretty spectacular four month period.

Q: Could you talk a little bit about social life in Brazil as thConsul General?

DACHI: It was extremely busy. There was a huge American business community there. Brazilians, the ones we met, were basically very pro-American, particularly the older generation. Don't forget, Brazil was an ally of ours in World War II. They had an expeditionary force and fought along with General Mark Clark in Italy. Many of the younger people we had contact with, particularly in the business community, had gone to college in the U.S. So, we were very, very busy. We would average maybe one evening a month at home by ourselves.

Our principal base of contacts was with Brazilians of course. One of our most extraordinary experiences in Sao Paulo came from getting to know many of the prominent entrepreneurs, the "makers of modern Brazil" as they were popularly known, who had transformed the country from an agricultural economy relying on commodities like coffee and sugar to a modern industrial state. Brazil today has internationally competitive steel, aluminum, shoe, auto parts, electronics, and armaments industries, not to mention new agricultural commodities it has developed like oranges and soybeans where they are among the world's leading exporters. Many of these enterprises worth hundreds of millions of dollars each, were still headed in the 1980s by either their founders or the founders' sons. Very few of them had yet gone public.

It was a powerfully enlightening learning experience to meet these people and get to know them, the Fords, Rockefellers and Vanderbilts of Brazil, and get to appreciate the unique and remarkable personal traits of individuals who, almost single-handedly, were able to create giant, vastly successful industries and enterprises.

Then there was a large American community of about 20,000. There was a lot of contact with them. One small group was particularly fascinating. Slavery wasn't abolished in Brazil until 1888. In the U.S., it was abolished 20 plus years earlier. After the end of the Civil War, a number of southern farmers who didn't think they could survive the abolition of slavery and stay in business in the United States decided to move to Brazil to start new farms, both in the Amazon region and in some communities in Sao Paulo state. They have been there ever since. Of course they intermarried extensively, but their descendants still live there in various places, including in a town called "Americana." They have an entire American community structure there, and something truly unique, a confederate cemetery.

I went to visit them a couple of times. The thing that I most remember is that when I visited Americana sometime around July 4th one year, I went up on the platform to participate in a ceremony. To my utter amazement they had the confederate flag flying and they played "Dixie." Once in a while, I would be at a ceremony in Sao Paulo where when I showed up, they played the national anthem. On July 4 when we had our receptions, we played the national anthem. To think that there was any place left on earth (outside the United States) where they played Dixie on July 4th kind of boggles the mind.

Q: You left in 1988. Whither?

DACHI: After 1988, I spent three years in Washington doing a lot of different things. First, after a few months of job hunting, I ended up as Deputy Permanent Representative in the U.S. mission to the OAS in the spring of 1989. That was certainly the briefest assignment of my career. It lasted about six weeks and then the whole thing went crashing down in flames around the Panama issue and General Noriega. That is a separate chapter.

Q: How did the job come about and what were the issues and youexperiences?

DACHI: As far as issues were concerned, there was only one issue at the time that involved me and that was the Panama issue. How did the job come about? That was at the beginning of the Bush administration. Bernard Aronson had just come in as the new Assistant Secretary of State chosen by Secretary of State James Baker. Luigi Einaudi was the nominee to be the U.S. Permanent Representative, in other words the U.S. Ambassador to the OAS. I knew Luigi from our years together in different activities in Latin America. He wanted me to be his Deputy Chief of Mission (DCM). Once I knew that that was the situation, I did a little bit of the customary lobbying to try to help my cause. One of the people who recommended me was a good friend, General Vernon Walters, who was over the years intimately tied to Brazilian affairs where I got to know him. Later he had been deputy director of the CIA when George Bush was CIA director. That is how I came into the job, with recommendations from General Walters and Luigi Einaudi, partly on the grounds that I knew Noriega from my past encounters with him in Panama and Brazil. Then Bernie Aronson made the decision to approve it.

Q: What did the DCM do in our mission there?

DACHI: It is a very small mission, but basically the ambassador and the DCM are the permanent representative of the U.S. and the deputy permanent representative of the U.S. to the Organization of American States. So, although the DCM has to run the mission internally on behalf of the Ambassador and that would have been part of my job, that was a small part of it. Mostly, it was the outside work at the OAS.

Q: When you say the outside work, what do you mean?

DACHI: They not only have OAS General Assembly meetings once a year, but they have subcommissions of various kinds. There is a whole diplomatic corps of Latin American and Caribbean envoys accredited to the OAS just like we (the U.S. Mission) were accredited to the OAS. The U.S. Mission has offices in the State Department because it is only about four blocks away from the OAS headquarters, but it's an embassy like any other of our missions to international organizations. It just happens that this one is in Washington. So, we were dealing with the other members of the diplomatic corps, and with the issues that were before the OAS, at the time, first and foremost Panama.

The OAS is perhaps not the most highly regarded of international organizations, if indeed there are any highly regarded international organizations nowadays. It has been somewhat controversial over the years because Latin Americans have always regarded it as one place where they might be able to assert themselves collectively against the dominant role that the U.S. normally played when it acted bilaterally without consulting anybody. On occasion at the OAS, they thought they might be able to confront the U.S. collectively and win a few. But on the whole, it had been pretty unanimously thought to be ineffective. As far as the Latin Americans were concerned, that was because the U.S. always chose to pursue its interests bilaterally and not pay that much attention to collective action. Nevertheless, the U.S. was successful years earlier in persuading the OAS to expel Cuba, for example. So, whatever mischief Cuba might have caused in the eyes of the U.S. was certainly eliminated in the OAS. But more often than not, the OAS was not a player in anything of real substance.

Q: We're talking about 1989 now, but the Panama Canal Treaty had been pushed through in the late 1970s. The Nicaragua-El Salvador business was coming to an end at that point, wasn't it?

DACHI: No, the Nicaragua-El Salvador mess was still around at the time. The Panama affair came to a head before those two things did. Basically, the situation when I arrived there was this: after the Panama Canal treaties were ratified, the price that we thought we had exacted from General Torrijos was that there would be a transition to democracy. What in fact happened over the next few years after the ratification of the treaty in 1978 was that there was indeed a transition to a civilian rule of sorts, but the civilians were very much under the control of Torrijos and the Panamanian National Guard. So, it was not a true democracy. Then, General Torrijos was killed in an airplane accident. He was succeeded as Commander of the National Guard by Colonel Noriega, who became a general the moment Torrijos expired. There were a couple of elections held, as I recall, between 1978 and 1989, but none of them were free of decisive, behind the scenes control by the National Guard.

Early in 1989, there was another election held in Panama. This time, it was really supposed to be democratic, with international observers, etc. The issue that the National Guard always had to face was, were they going to allow a democratic election to take place and support whoever won, or were they going to contrive to continue having a civilian president that they could control, one who they would select and "arrange" to get elected. In this particular election the winner was a man called Guillermo Endara. Endara was of the same party as former president Arnulfo Arias, whom we have mentioned earlier and who had been elected five times and overthrown by the National Guard each time. Endara had been the Arias party's General Secretary. He was Arnulfo's man. This was the worst possible outcome as far as Noriega was concerned.

Back in the 1970s, Arnulfo Arias was living in exile in Miami, after he had been overthrown by Torrijos in 1968. Eventually he found a soul mate in Ronald Reagan who was not yet president, and formed a political compact with him to oppose the Panama Canal Treaty on the grounds that we should insist that there be a transition to democracy before we "give" the Panamanians the treaty, thus forcing the military to proceed first with a return to democratic elections. In 1989, eleven years after the treaties were signed and ratified, Noriega finally allowed a democratic election to go ahead, but afterwards he just couldn't get himself to accept the results. He did not reckon with one big problem, however. This time there were a large number of international observers present, including Jimmy Carter. So manipulating the results would be trickier than usual. The election itself was held and run very cleanly, and Endara won by everyone's agreement. Noriega then got desperate and decided to fix the election after the fact in the most crude and vulgar manner. It wasn't a matter of changing 5 or 10 percent of the votes. He really had to carry out massive fraud ex post facto by stealing and destroying thousands of valid ballots and stuffing the ballot boxes. But he couldn't get away with it with all those observers present. This created a major crisis. Finally, an angered Noriega simply said, "The election is over. We win. You guys lose."

When these new "results" were announced, the real winners began to organize demonstrations with thousands of people in the streets. Noriega called out his thugs and brutally repressed them. There were countless flagrant human rights violations and attacks against the winning candidates themselves, as well as their supporters. It was really brutal, bloody, and ugly. Endara's Vice President was a man called Guillermo (Billy) Ford. Noriega's brutality burst onto the world state when Ford was beaten to a pulp out in the street by a Noriega-inspired political mob and his blood-stained visage made the cover of Time. The whole world learned about it. It was one of the most disgraceful scenes possible. This, of course, upset the United States a great deal, as it should have. One of the people who was most upset by it, was our ambassador, Arthur Davis. He went after Noriega very hard. Eventually, Noriega complained about it so much to the State Department that Davis was recalled for consultations to Washington, essentially withdrawn. He was sitting in Washington in the Department of State at the time I came in as DCM. That was the scene.

Our goal at the particular moment when I got started there was to make one final attempt at finding a way to get Noriega, in spite of all the horrible things he had done in the previous months, to turn over power to the legitimately elected government. Virtually everyone agreed that the only way this could be done was that Noriega had to leave Panama. But the problem with Noriega leaving Panama was very complicated, because in 1987 or thereabouts he had been indicted on narcotics charges by a grand jury in Miami.

The story of that indictment, makes a very fascinating story. What it came down to was that Noriega said, "I can't leave Panama and go into exile because if I do, the U.S. government will snatch me from wherever I end up and take me to the U.S. to be tried. There are no assurances or guarantees that I will accept, because I know that as soon as I leave here I am going to be captured and taken to the U.S. for trial." For a good period of time, the question was, is there a way to get this indictment dropped so that Noriega could be persuaded to leave Panama? Whether that indictment should be dropped or not was a White House decision that most people at the time believed was one of the very few times when President Reagan and his Vice President, George Bush, were on opposite sides of an issue. Everybody knew where Ronald Reagan stood. Yet in the end, he allowed himself to be persuaded that, in exchange for getting him out of Panama, (we are going back a few months in time in our story), maybe the indictment could be dropped after all. But George Bush wouldn't hear of it. This was perhaps the only time when the Vice President actually prevailed over the President.

The reason in the view of many analysts dated back to the time when George Bush was head of the CIA, and Noriega was the head of Panamanian intelligence. Noriega had come to Washington on one occasion when he met with the CIA director and Bush had invited him to lunch. It was a known fact that Noriega always was a double agent working with the Cubans just as much as he was working with us. He was also in cahoots with the Medellin mafia on narcotics trafficking, as much as he was working with our Drug Enforcement Agency (DEA) on narcotics control. In essence, he had always maintained a working relationship with the CIA and the DEA, whatever other nefarious activities he was engaged in at the same time with the Cubans and the Colombians.

During the run-up to the 1988 U.S. presidential campaign, Michael Dukakis was making noises about George Bush and Noriega having been "chummy" in their intelligence days. Because of that, Bush felt that if the indictment was dropped, he effectively couldn't handle the issue in public debate and run for President successfully. He felt he would be too vulnerable. So, from his standpoint, there were very straightforward and understandable reasons why that indictment could not possibly be dropped. He persuaded Ronald Reagan on that point. In the final analysis, Noriega was not willing to leave Panama, because under the circumstances no assurances we might give were credible to him.

Back to the question of how did I come to this job? I have already mentioned two of the reasons, but there was a third which was equally important. That third reason was that I knew Noriega fairly well. I had a bit of a relationship with Noriega. It goes back to two important events in the past, maybe three. When I was public affairs officer in Panama, Colonel Noriega was still head of Panamanian intelligence. When Jimmy Carter came to Panama in 1978 on an official visit for the exchange of the Instruments of Ratification of the Panama Canal Treaties, Noriega was in charge of all local arrangements for the Panamanian side. I was responsible for many of the local arrangements for our side, as the head of USIS always does given the huge press contingent that travels with the President. I also ended up being one of the liaisons and interpreters for the U.S. Secret Service in dealing with Noriega on security issues which were, as usual, legion. So, Noriega and I ended up working together on a daily basis. As far as he was concerned, he saw me as somehow tied to the U.S. Secret Service. We were talking about security, even though I was only acting as a liaison and interpreter.

We also met from time to time under another set of circumstances. Many of these dictators link up with some kind of a humanitarian or artistic activity to make it look as if they are cultured, polished individuals. In Noriega's case, he chose the Panamanian National Ballet Company. That was his pet charity. It happened that, as head of USIS, I was trying to be helpful to the Panamanian National Ballet as well. I was able to arrange at one point to get an American guest choreographer to spend an entire year there at no expense to the Panamanians. Noriega thought this was wonderful and he thought that I was helping the ballet to soften my image as an intelligence type under USIS cover, just like he was using it to soften his own image as a security thug. The people at the Panamanian National Ballet loved me, so Noriega liked me too, thinking perhaps that I was "his kind of guy."

Now we jump ahead to 1987. I am Consul General in Sao Paulo. Out of all the million things that were going on there, one day it turned out there was going to be a hemisphere-wide DEA and Brazilian government sponsored conference on narcotics control. The two chief hosts would be Jack Long, who at the time was the head of the U.S. Drug Enforcement Agency, and Romeo Tuma, the head of the Brazilian Federal Police. (Romeo Tuma and I had worked together on the Mengele case.) Every Latin American country sent representatives who were upper middle level bureaucrats, but not Panama. Noriega showed up as the head of the Panamanian delegation. By this time Torrijos was dead and Noriega was his successor as the commander of the Panamanian National Guard, the country's only armed force. Panama did ostensibly have a civilian president, but Noriega was the de facto chief of state. None of the rest of the participants at the conference were political figures.

On the afternoon before the conference, I was sitting in the hotel lobby waiting for my ambassador, Harry Shlaudeman. Suddenly, the Panamanian consul in Sao Paulo comes running up to me saying, "We've got a terrible problem. Noriega has just shown up and he insists that he is entitled to the presidential suite, and they won't give it to him. They said they're saving it for the Americans. He is outraged and has threatened to leave. What can you do to help?" I knew the manager of the hotel. Since none of our visitors were interested in the presidential suite in any case, I talked to him and he gave Noriega the suite. Noriega thought, "Hey, I remember this guy, I always thought he was either one of their security or intelligence people, this just goes to show you. Look how quickly he got me a suite."

The next morning, there was a preparatory meeting. There we were, Jack Long, Harry Shlaudeman, Romeo Tuma and I, talking at breakfast. A Tuma aide comes over and tells him they've got a problem with Noriega, that Noriega insists on sitting at the head table at the opening session. Tuma says, "He's not sitting at the head table. All the heads of delegation are sitting down in the first two rows". The aide said, "Noriega is adamant that he is not just a head of delegation, but a head of state." Tuma turns to me and says, "Do you know anything about this guy?" I said, "I know a lot about this guy. He is the chief of the National Guard in Panama and the de facto head of state. He is the chief of the Panamanian Armed Forces." Tuma burst out laughing and said, "What does he have, 500 people?" He was not impressed. I explained to him about Noriega's vanity. He said, "All right, for you, I'll put him at the head table." So, Noriega once again got what he wanted.

Then, we had a dinner in the evening. Again, Noriega has to be at the head table. This time, Harry Shlaudeman said, "All right, we'll put him at the head table, but you keep him occupied and talk to him the whole evening because we sure as hell don't want to talk to him." We had the dinner. I talked to Noriega the entire evening. No one else at the head table would even say, "Boo" to him. After the conference was over, Noriega got everything he wanted by way of perks and he thought I was the one who got them for him. He never evinced much interest in the substance of the meetings.

We jump back to 1989 in our story. General Vernon Walters was one of a number of people who were uncomfortable with the U.S. position of not dropping Noriega's indictment. As a former deputy director of the CIA, just like some people in the Pentagon who had been at SOUTHCOM, the U.S. Forces Southern Command, he was not eager to see Noriega brought to the U.S. and put on trial for anything. They all had dealings with him about our military presence in Panama, the defense of the Canal, narcotics and Cuban intelligence activities. They were all worried about what he may reveal in court about his relationship with other U.S. agencies. Walters knew me well from Brazil and I told him I was looking for an assignment at State, and was interested in the job at our OAS mission. He said he would be pleased to recommend me. So, he went and told Bernie Aronson, "Dachi knows Noriega and has dealt with him. You ought to put him in the OAS mission. It would be good to have a guy there who knows Noriega. Somehow we've got to get this guy to leave the country." What Walters was really hoping was that I would be more sympathetic to the views of the CIA and Defense Department on this whole matter than were most of the people at the State Department. So, that also had something to do with how I got the job.

Q: So you were put in there to ease our nemesis out of the picture.

DACHI: Well, that was sort of the general idea. About the second day on the job, Aronson said to me, "I want you to make a secret trip to Panama and find out what the real story is. Davis is up here. As far as I'm concerned, he is not going back to Panama. We have cut off diplomatic contact. The well has been poisoned. I want you to go down there and talk to your friend Noriega. This guy is a pariah. We want him to leave the country, to turn over power. I want you to give me an assessment of what the hell is going on, see what we could do, how we might entice him to leave."

One evening during this same brief time span, I ran into the Panamanian ambassador to the OAS at a reception. At this point, bilateral diplomatic contacts through our respective embassies were suspended. I thought that it would not be improper to talk to this man, however, because the OAS is an international organization. It's not a bilateral forum. If they wanted to say something significant to us, an international forum may have been the only way they could do it. Such a channel is used frequently when two countries are at loggerheads and have cut off their bilateral embassy contacts. In hindsight it turned out to be a mistake, but at some point in our conversation I mentioned to him that I knew Noriega and I might be making a trip down to Panama soon.

Within a few days, this guy calls me up and says, "How about coffee? We need to talk." I went and told our ambassador-designate Luigi Einaudi, my direct boss. We asked ourselves, "Is this a legitimate thing? Can we do this?" We both concluded that given the international nature of the OAS it would be okay to go ahead. He said, "All right, go ahead and talk to him."

I met with the Panamanian "secretly" at the J.W. Marriott and we had coffee. He said, "I reported to Noriega that you're in this job. He was happy to know that. He thinks that's great. And, I have a message for you. The message is, anytime you want to go and see him, he will see you immediately." At that point, Noriega wasn't talking to anybody on our side. Here he sent his OAS ambassador to tell me that he will see me immediately if I want to go down. So, I said, "Okay, thanks for telling me." He said, "We know you. We know your background. We know that, with you, we can work something out." I said, "Don't be so sure that we can work something out beyond what we have already stated publicly. This is a pretty important issue for President Bush. I'll tell you exactly why. There are lots of foreign policy issues that are not too important in the court of American public opinion, but when it comes to drugs, that is something of vital interest to every family in the United States. So, the President of the United States doesn't have quite the same flexibility when it comes to drugs that he does on other issues. You and the General have to understand that with something like this, it's not likely that anything can be worked out without him leaving the country. I really don't know." He said, "There was another thing he wanted me to ask you. Who is your boss? Who do you really work for?" I said, "I work for Bernie Aronson, the Assistant Secretary of State for Inter-American Affairs."

Q: Were they thinking that you might be the CIA outside man osomething like that?

DACHI: Yes. I thought to myself, this man was fishing to see whether I would say that I was really "planted" in the State Department by either the CIA, DEA or Defense Department, as a way to "soften up" the hard line State was taking on this issue. I am sure that was Noriega's wishful thinking. Noriega wanted to believe that the CIA or the Defense Department, would be more conciliatory. But the bottom line as far as he was concerned was that there had to be some way that we could work this out so that he didn't have to leave Panama. I said, "I don't think that's going to be possible. There is nothing I would love to do more than have a role in making it possible for the U.S. and Panama to return to their traditional good relationship. I am very excited that that opportunity may come about someday. But I don't think when it comes to narcotics and the question of Noriega leaving Panama, there is a whole lot of play in that issue. It's too important for us domestically." So, that was the end of that.

I reported the conversation to Luigi. But there was nothing further to be done about it at that point by either of us. About a year later, a record of that conversation came to light in a most unusual way. After our armed intervention in Panama, we seized many of their documents and the Panamanian ambassador's report on that meeting was among them. We had the Panamanian version, which did not differ in any significant way from the text of my report. But in the event, Senator Jesse Helms, Ambassador Arthur Davis, Bernie Aronson and others, had a much more sinister version of what they imagined had transpired in that conversation, as I shall explain in a moment.

Far from turning out to be a forward step, that meeting soon began to unravel things for me. This thing got extremely complicated. First though, let me go back to the OAS. At this point our position at the OAS was that we wanted it to play a role in persuading Noriega to leave Panama and turn power over to the legally elected people. That is what we were spending a good bit of our time on at the OAS with the other delegations. Much to our chagrin, Latin governments were most reluctant to get involved. They said, "This is your problem, you created this monster. You take care of it."

I certainly said it to many of them, but plenty of others did, too, "Wait a minute, for years you have been accusing us of acting unilaterally in Latin American relations. Here we have a clear cut case of a democratic election attended by hemispheric observers in which everyone agrees that the election was stolen. We have unequivocal, undisputed evidence about violent and brutal human rights violations. We have powerful evidence on narcotics trafficking. If you can't get involved in this issue in which we're on the side of the angels, democracy and human rights, not to mention narcotics, then what good are you? When is the OAS ever going to do anything useful in cooperation with us? You've been telling us for 20 years not to act unilaterally. Okay, let's act multilaterally. Here is the perfect issue." They would say, "No, this is not the perfect issue. Noriega is a monster that you created. We can't get ourselves involved." I would retort, "You surely must know that this is so important to us and to the President that we're going to have to solve this problem one way or another, multilaterally, unilaterally, or whatever, but it will have to be solved. If you refuse to get involved and we have to act unilaterally, we had better not hear a peep out of you. Here is your chance to work with us on democracy and human rights about which there can be no debate."

Finally, they did agree to an important thing: to name the Foreign Minister of Ecuador, Diego Cordovez, who had been a successful negotiator for the UN in Africa, in Ethiopia and I think in Afghanistan, to spearhead an OAS effort to approach Noriega about turning power over to Endara and leaving Panama. In other words, the OAS was going to attempt an initiative of its own, independently of the U.S., and see if Cordovez could come up with an OAS solution, but without ever associating with the Americans in any way. The Ecuadorean Foreign Minister accepted this job, but he was very uncomfortable with it. He was convinced deep down in his bones that if he tried to work out a Latin American deal and it began to look as if he would succeed, the U.S. would find some back channel to work out its own deal and beat him to the punch, taking credit for it and making him look silly. So, although he agreed to try to do something, he had extreme reservations about it.

Noriega, whose goal was not to leave Panama under any circumstances, was delighted to have Cordovez in the picture because he knew that Cordovez could be manipulated and could never on his own get Noriega to leave Panama. So, as far as he was concerned, that was just fine. At the same time, he was happy to know of me. He thought that I was one guy he could pull a U.S. deal with. Obviously, "pulling a deal" with the U.S. meant dropping the indictment. Noriega had no illusions about Diego Cordovez ever being able to get the U.S. to drop the indictment.

At this point a new, seemingly innocuous development enters the picture. USIA's WorldNet proposed an interview to the Bureau of Inter-American Affairs. They wanted to do a program for use in Brazil about the Panama crisis. I had been in Brazil and spoke Portuguese and Luigi talked to me about it. He said, "You do it." I went over there and did it. That was where disaster struck. Instead of things beginning to move forward, they started to unravel for me. In the interview, I was saying all the right things until I was asked the question, "What about Noriega?" Now I said the key phrase.

Q: This was the interview that was taking place in Portuguese for program that USIA was going to play in Brazil.

DACHI: That's correct. Now come the fatal words. The interviewer said, "What about Noriega? Is he going to leave Panama?" I said, "I don't know, but I know Noriega and he is a friend of mine. I believe that he is going to do what's right for Panama in the end, which means that he'll leave." The next thing I know, they're taking this "sensational" statement made in Portuguese for a Brazilian audience, translating it into Spanish, and sending it down to Panama. The instant that happens, the Panamanian democratic opposition leadership, many of whom were sitting up here on K Street in Washington lobbying for a return to democracy, said, "What's going on here?" This could not have been a casual statement. The U.S. is about to make a deal with Noriega behind our backs. Who is this guy Dachi? Is the State Department going to sell us out again?" I am not sure how exactly my being a "friend" of Noriega, having him leave Panama or, for that matter, dropping the Miami indictment, even if true, could possibly have been bad for the interests of Panama's democratic politicians, but we will never know what their deep distrust of the State Department might have stirred up in their imagination.

The first guy to hear about it from them was Art Davis, sitting in the State Department angry and upset that they're not letting him go back to Panama to resume his ambassadorship. He said, "Who is this guy? This is some kind of a plot. I am the one who is supposed to be doing it, not him. What is this guy talking about he's going to make a trip to Panama? What kind of trip to Panama is he going to make? Who is he to be making a trip to Panama?" More significantly, at about this time intelligence reports are starting to pick up quotes by Noriega, who is saying to his people in Panama, "I know this guy, Dachi, and he is in the right place. That means something is going to be worked out. I don't know what it is yet, but something is going to be worked out."

Q: "Your friend."

DACHI: Right. And he is telling the Ecuadorean Foreign Minister, "Relax. There is some kind of a deal with the U.S. that is going to be worked out here." He didn't want Cordovez to come to Panama and muddy the waters. As far as Cordovez was concerned, going to Panama was the last thing he wanted to do anyway, so talking him out of it was the easiest thing in the world. The only thing wrong with all that was, Noriega didn't know that by that time both my trip and interest in a "deal" acceptable to the U.S. had been taken off the front burner in Washington, mainly so that Cordovez would have his chance of doing this the "OAS way." At this point, we were very anxious for the Ecuadorean to get involved, go to Panama and be the one to persuade Noriega to leave. Noriega, by neutralizing him, scaring him off and falsely implying that, yes, there is a back channel deal in the works with me, managed to "screw up the works" in a big way. Intelligence is picking this up, passing it on to the Panamanian opposition politicians who are passing it on to Art Davis. Art Davis begins to make his concerns known. The secret plan for me to go to Panama that Bernie Aronson had hatched is now coming unraveled.

But that is not the end of it. Art Davis had previously been ambassador to Paraguay, where his wife had perished in an Eastern Airlines crash when the plane flew into a snow-covered mountain. Afterwards, his wife's role as first lady was taken over by his daughter, Susan Davis. From then on, she played a powerful role in running Art Davis' life. Art Davis was a sweet guy, but the "tough lady" behind Art Davis was his daughter. Susan Davis happened to be an intimate friend of Debbie DeMoss, who was Jesse Helms' Foreign Affairs Committee senior staffer for Latin America and had a well-earned reputation as Helms' "hatchet woman."

Q: She is the one who later married a member of the junta down iHonduras.

DACHI: That's right. They were either college classmates or whatever. Susan Davis was worried that somebody was trying to do her father in by hatching a plot with Noriega, and that the guy behind this had to be Bernie Aronson. Obviously, he was the Assistant Secretary. He had just been sworn in 24 hours before. Initially, he was her prime suspect. Not surprisingly, Jesse Helms had been opposed to Secretary of State James Baker choosing Bernie, a Democrat with labor ties and suspected leftist inclinations for that post. Helms had been most reluctant to confirm the guy. Among other things, he learned that there was a chance encounter in Buenos Aires in which Bernie Aronson had talked to one of the Sandinista comandantes at a reception. That made him suspicious. And, now he hears that they're trying to send somebody other than Art Davis down there to cook up a deal with Noriega.

While he's getting all this stuff through his intelligence sources and from his staff's feverish mind, Susan Davis is looking out for her father. And her friend Debbie DeMoss takes all this as a gift from Heaven, seeing it as a way to get back at Bernie Aronson. As far as they were concerned, this looked like somebody at the State Department was once again pulling some kind of back channel deal to undermine the President's foreign policy. When they learned that I had talked to the Panamanian ambassador to the OAS, they had their "smoking gun." They looked into the man's background. It turns out that the man in question, prior to becoming Noriega's Ambassador to the OAS, had been a lobbyist in Washington for Uganda and Idi Amin. I am sure that nobody at the State Department had any idea. That was all they needed.

Q: He was a very brutal ruler, accused of eating his opponents and things like that.

DACHI: Yeah, and he had me for lunch from his exile 5,000 miles away. The next thing I know, Jesse Helms is making a speech on the floor of the Senate denouncing me by name and accusing me of working on a deal with Noriega through a former lobbyist for Idi Amin, to undermine George Bush's foreign policy, aided and abetted by Bernie Aronson. By this time, you can see that for me, things were coming apart at the seams. Bernie Aronson either had to get rid of me or he had to get rid of himself. That was not a hard choice. There was nothing anyone could do. Everybody had their own interests, legitimate or otherwise, but the bottom line was that Noriega was convinced that I was his guy and, as long as I was on the scene, it looked like the Ecuadorean Foreign Minister was not going to move. If he wasn't going to move, that was contrary to our interests so I had to be removed from the picture. Within three or four weeks of getting there, I was toast. I was there for a total of six weeks. After all this happened, I only lasted another two weeks.

Q: During all this, were you getting any reflections through anybodfrom the NSC?

DACHI: Funny you should ask. I don't know whether that's innocent.

Q: It's innocent! But the NSC is always in these things when igets political.

DACHI: Here is the story on the NSC. At that juncture the top guy for Latin America at the NSC was Ted Briggs. He was a good friend of mine. Ted had been ambassador to Panama. As a matter of fact, he went there to be ambassador in 1983 or 1984. He and I had been the two finalists at that time to be ambassador to Panama. The Panamanian government had asked for me, but that doesn't usually work.

Q: No, it usually is counterproductive.

DACHI: It shouldn't work, frankly. When Ted became ambassador he took an unusual step that I certainly didn't expect, of coming over to my office to say, "Look, I'm sorry. I'm sure you'll get it the next time around." That was an extraordinary gesture on his part and I was deeply appreciative for it. Panama was Ted's second embassy. After he finished there, he came back to Washington to be the Latin American advisor at the NSC. (Now he is head of the Americas Society in New York.) He is a pretty top guy and very conservative.

Ted Briggs was very much in contact with the Panamanian democratic exiles here in Washington. I don't know all the things that Ted Briggs was up to, but he most assuredly could not be accused of being a "friend of Noriega." Nevertheless, he somehow got crosswise with Bernie Aronson, who had his own channel with the exiles through one of his deputies, Michael Kozak. To my utter amazement, Ted Briggs lost his job at the NSC. Bernie Aronson convinced Secretary Baker to get rid of him. I don't think Bernie was prepared to tolerate a rival power center at the NSC, even in the person of someone as well known, qualified and respected as Ted Briggs. Ted was exiled a lot more luxuriously than I was, however, he became ambassador to Portugal. But he got jostled out of the NSC by Bernie Aronson. Where he had come down on this stuff I don't really know, but I saw him a couple of times in that period. After it was all over, I told him what happened. He just looked at me and said, "Were you set up?" The answer was clearly yes, but things had become so complicated that it was hard to explain to him exactly how and why it happened. In any case, we all know that people at all levels become victims of "political homicide" in this town at a moment's notice (or without it) every day of the week.

In Washington, situations like this can turn ugly very quickly. In this case, it seemed like they were even uglier and more complicated than usual. They were just too many people and political factors involved. One thing is certain. If Bernie Aronson could get rid of Ted Briggs, he sure as hell could get rid of me. Luigi Einaudi, who under other circumstances might have tried to defend his DCM, was absolutely not in a position to do so because he himself had not been confirmed in the Senate yet and Bernie Aronson had tremendous doubts about him as well. He didn't trust him either. He had a great question in his mind as to whether he should be ambassador at all. Luigi was very concerned, and rightly so, about this entire thing, but there wasn't anything he could have done. He felt badly about it, but he couldn't really weigh in too vigorously under the circumstances.

So, basically, Bernie just acted. In order to try and move me out of there as smoothly as possible, they called in the Inspector General to look into the case. The inspectors interviewed a lot of people and went through a procedure designed to resemble due process, but all along it was perfectly clear that Bernie Aronson wanted me out of there, so in the end, the inspectors simply had no choice but to recommend that I be transferred.

To go back a few days in time, somebody from "CNN Spanish" also interviewed me in the same period I did the Brazilian thing. I said the same things in that interview. Unbeknownst to me, the person who talked to me was also a friend of Debbie DeMoss and Susan Davis, as well as being closely tied in with the Panamanian exiles in Washington. An extraordinary thing happened with the tape of that interview. CNN never used it, presumably because the editors did not consider it newsworthy, but in violation of all the ethics of journalistic practice the interviewer held a "private showing" for and in essence gave a "scoop" to the Washington-based Panamanians. She also gave the tape to Debbie and Susan who in turn took it to Jesse Helms. Debbie DeMoss, who speaks perfect Spanish, took over from there. She didn't quote me out of context, she did something more serious than that. Debbie and Susan Davis deliberately crafted an incorrect and distorted translation into English, to make it sound as if I was conspiring with this former lobbyist for Idi Amin and with Noriega. That was what really led Jesse to make that speech on the Senate floor. In fairness, I should add that Debbie did not demand my scalp, she even told the inspectors that this was "nothing personal" against me. She was after bigger fish, Bernie Aronson to be exact, but the head on the silver platter ended up being mine.I had a friend, a congressman from North Carolina whom I had met in Brazil, who actually was the congressman from Jesse's district, that I could have gone to ask him to take me to Jesse and get this straightened out. I was thinking of going to Helms and saying, "Look, Senator, give me five minutes here to present you the facts and get this straightened out because I certainly wouldn't want you to think that I would undermine U.S. foreign policy. That is the last thing on earth that I would ever think of doing." But not even that could be done.

Why? For two reasons. First, Debbie DeMoss couldn't possibly back down from her assertion. Susan Davis was a close personal friend and she had to protect her as well as herself. She insisted to Jesse Helms to the end that the information she had given him was truthful and correct. Second, Bernie Aronson told me from the outset, "Don't you go up there and talk to Jesse Helms or anybody else. You can't do that." Why was that? Because his situation at that time, just days after being sworn in was too tenuous. He sure as hell wasn't going to fall on his sword on account of this, after all he had gone through to get confirmed.

In retrospect, it is perfectly obvious that this was a tempest in a teapot. Bernie may have thrown a small fry like me to the wolves without batting an eye, but surely even he must have known that my departure from the OAS would have no impact whatsoever. As subsequent events showed, Diego Cordovez still refused to get involved, Noriega stayed put, and before the end of the year we had to resort to intervening militarily in Panama and capturing Noriega in the process.

What happened to me was certainly very traumatic, but in the grand scheme of things it was of no great importance. The truth is that if you look at it historically, Bernie Aronson ended up being an outstanding Assistant Secretary of State. It was on his watch that the Nicaraguan and Salvadorean situations were finally resolved. You have to give him full credit for that. He did it for George Bush and JiBaker and he did it successfully. Nicaragua now has a democratic government, as does El Salvador. So, you have to give him credit. But that was small consolation to me. My career in the foreign service was over for all intents and purposes.

Q: I think one of the things you're pointing out and I've seen reflected other times is that when an administration comes in, which the Bush one was (and I saw this with the Clinton administration), it is very fragile. People don't know each other. They don't really trust each other. Their ties to Congress haven't been built up. So, if they receive any sort of shock, their tendency is to get rid of whoever it is. They don't feel strong enough to fight things out or to reason things out. They don't have their own confidence and the confidence of those who work for them.

DACHI: That is a perfect analysis. That is precisely how and why it happened. At first when this flap over my statement arose, Bernie actually came out with a fairly strong statement backing me. Once Jesse Helms got into it, that changed the nature of the situation totally. I became a highly expendable commodity. I think I've told you this story in a relatively detached fashion. By now I understand what happened, but it devastated me at the time.

Q: The thing is that most of us are not like politicians who have this happen again and again and again and they develop a tough skin or they get out of the business. When all of a sudden we become the object of political pushing and shoving as government servants, it really does... What did you do?

DACHI: You mean before my assignment actually ended?

Q: How did it play out for you?

DACHI: Actually, Bernie came into my office. He said, "Stop everything. Don't go up there. Just stop everything. Let's take a look at what's going on. Let's take stock." I said, "Do you want me to resign?" He didn't say "Yes," but he had a facial expression that essentially said "Yes, I'm glad you suggested it." Then Mike Kozak, who was one of his deputies, who was a supporter and friend of mine, came up with the idea of the inspectors as a possible way out. Mike Kozak had been crucified himself a couple of times both before that and since for similar political problems, so he sympathized somewhat. He said, "Let's have an investigation by the Office of the Inspector General." That took about another two weeks.

The Inspector General's office responded very quickly and they agreed to assign two people to this. These two people came in and interviewed everybody. During that time everything was on hold. I myself was talking to all kinds of people, including my son, who was a congressional aide at the time, to see what I could possibly do. There was a Jesse Helms political appointee at the OAS mission who was sympathetic to me and who was trying to be helpful. We went through hours of conversation as to what we could do to deal with this. But I think that from this picture I've painted, you can see that there really was no way to untangle this. So, the inspection's conclusion was that it was unfortunate that this happened, but the only way out, given Bernie Aronson's position, was to recommend "curtailment." In their report, they said that it was unwise for me to have said what I did about Noriega being a friend of mine. As a gesture to me, they didn't say I used bad judgment, they said it was "unwise."

What tilted it for them was when they went up and talked to Debbie DeMoss and she gave them this tape. The tape might have been subject to varying interpretations, but by the time they distorted it in translation, it was out and out prejudicial. The inspectors only listened to the English version. What was I going to say, that Debbie DeMoss distorted the translation? I couldn't do that. It was beside the point anyway. Bernie Aronson's position was, "Say what you like. Our bottom line problem is that the Ecuadorean Foreign Minister is convinced that there is something going on here with a back channel deal and he will not move. We have to get him to move. As long as Noriega thinks that Dachi is at the OAS, he is going to keep the Ecuadorean at bay. Something has to give. It's pretty obvious. So, forget about this other stuff." So, they all agreed that I had to leave.

The inspectors recommended that I be given another job at the Department. Mike Kozak told me that Bernie Aronson and Lawrence Eagleburger the Deputy Secretary of State, were saying that they would do everything possible to get me another job. Mike said, "You look on the radar screen and see what there is by way of openings that you think you would like to try to get and these people will help you get it. It's unfortunate that you have to leave. Of course, you had something to do with it. It wasn't all our fault. However you want to distribute the blame here, we'll do what we can to get you another job." But that didn't work out for a variety of reasons. There wasn't really anything else open at the moment. So, I withdrew to lick my wounds.

To move on to the next chapter in the story, one day I got on the Metro to go to USIA and talk to the Personnel Office to see what they might have available for me. On the train, I ran into a former colleague, Stan Burnett, who was a retired USIA officer and was now Director of Studies at the Center for Strategic and International Studies (CSIS). After hearing my story, he said, "Listen, why don't you come here as a Visiting Fellow for a year? We'll get you over here on a "non-reimbursable detail." USIA was only too happy to accommodate me. They felt sorry about what had happened. So I ended up at CSIS for what was going to be a year. Within a few months, I had a major heart attack and had to have bypass surgery. That took me out of circulation for a few months. So I ended up staying at CSIS for more like two years. Then I was sent to India as Public Affairs Officer (PAO). Obviously, my Foreign Service career was over and done with. Being PAO in New Delhi is no disgrace by any means, it's a large post and it turned out to be a very interesting assignment, but obviously my future fate was sealed.

Q: This often is the classic tale of what happens when a professional ends up tangling with the political side of things. It's the professional who gets hurt.

DACHI: I don't know how many hundreds of hours I've agonized over this, but it's been hundreds. If I could have found a way in those hundreds of hours to cast the entire blame on others, believe me, I would have done it. But whatever share of the blame I bear, I have mercilessly tortured myself with the thought that surely after seeing it happen to others, I should not have let it happen to me. Somehow, I should have been able to see this and avoided it. That is torturing me to this day.

Q: I recall one time I was interviewed when I was the Consul General in Athens. I made the statement to an American individual (not the press), "Balkan justice is not American justice." The fact that I talked about Greek justice in some case in which an American was involved, I stated that Greece was a Balkan country, got on the front pages of all the local Greek papers.: "We're not Balkan" and all this. There is that thing of thinking, "Oh, God, if I had only not said that." The thing gets misconstrued and has a life of its own. There it is. These things happen. I think this is a very instructive thing to get out. Playing it back, there is no real answer to this. This is essentially a matter of fact statement that became a political football.

DACHI: Well, I have played it back 50,000 times to myself and haven't come up with an answer yet. The only thing I wish is that I could find a way to put this out of my mind. In ten years, I have not been able to do it.

Q: View this as a psychiatric session. And now you have laid it oufor the public and there it goes. Forget it!

What about India? You were in India from when to when?

DACHI: I was in India from 1991 to 1994. That was very nice. When I went to India, I said, "I will not get into trouble with anybody ever again." I went out there and was a different person. I tried to be a team player. I didn't get into fights with anybody. It turned out to be a very interesting assignment.

I think implicit in what we've been talking about... I was consul general in Sao Paulo. The scope of that job was light years ahead of anything else I had done in every respect. It was a large mission doing important issues. When I finished in Sao Paulo, George Landau who had been a great ambassador, tried to recruit me to be his deputy at the Americas Society in New York, where he had gone to be Director after his retirement from the Foreign Service. He said, "You have just hit the peak of your career. The smartest thing you can do now is retire and come to work for us." Well, there were a number of reasons why my wife and I thought about it and decided not to do it. When I said "No" to him, he said, "I can see why you're doing this. You don't want to do it because you think that you are going to become an ambassador and you don't want to cut your chances off from doing that. I can tell you you're not going to become an ambassador, it is not in the cards for somebody from USIA. But, I understand you doing this. I wouldn't want you to come here if you're going to sit here in this office next to mine and the first time you get mad at me, you're going to say, "Dammit, I could have been ambassador to Peru and instead I came to work for this bastard, George Landau and you'll never forgive me. Go right ahead and see if you'll ever become an ambassador. I wouldn't want to deprive you of the opportunity to get frustrated in your own way."

Be that as it may, leaving any emotional and personal factors aside, no one can argue that the scope of the job I had in Sao Paulo was beyond anything else that I could aspire to get in the future. Certainly the job in New Delhi was nice and most interesting, I'm glad I did it, I got a lot out of it and I think I did some useful things there. But it was no Sao Paulo. At the same time, after what happened in Washington and my travails there, it was a positive experience for which I was grateful.As it turned out, we went for 18 months in New Delhi without an ambassador during my time there. For half my tour, I was de facto acting DCM with a chargï¿½ d'affaires, Kenneth Brill, now Ambassador to Cyprus, who was an absolutely outstanding individual of whom I was very fond and whom I admired greatly. My professional relationship with him I enjoyed personally more than I've ever enjoyed working with anyone else. So, it was just wonderful. That 18 months, when he and I were there working together in the front office was just great. That made a big difference. The other thing about being in India was that it's such an interesting place. The history, the culture, the religion, the civilization is so different from anything I had ever encountered anywhere else. It was a great learning experience. From a working standpoint on the other hand, India is very frustrating and exasperating. It is very difficult to get anything done in India. India and the U.S. have had a very rocky, frustrating, up and down relationship ever since their independence.

Q: They are two basically arrogant countries which each believe hathe unique wisdom of how the world should be run.

DACHI: That's right. And each genuinely believes that of the other. It was difficult. On the other hand, India was just entering this period of change and economic reform that now has acquired a certain life of its own. So, it was a good time to be there. It was a good tour, all things considered.

Q: I have a couple of questions about India at this time. We're talking about 1991-1994. You were the PAO. What was your impression of the Indian press?

DACHI: You have to divide it into three. The English language press, which is the national press and is widely read by the elites, was quite free. It was fairly good. But the majority of the people read the vernacular press, which is much more nationalistic and has been slower to shed its virulent anti-U.S. tone, a legacy from all those years when a very close relationship with the Soviet Union dominated the atmosphere. Radio and television during my time were still under absolute, total state control. There was only one radio station in India, All India Radio. News there consisted of texts prepared and released by the Ministry of Information. Television was the same. When a fanatical right wing Hindu mob tore down the mosque in Ayodhya, an event that made headlines and set off alarm bells all over the world, coverage on Indian radio and television was drastically censored. People could learn about it only by listening to foreign broadcasts, which not many were in the habit of doing. Now, satellite and cable have come in and things have changed very significantly. But the free press at that time was mainly the English-language written press. The latter was even able to write about the Ayodhya incident, but since no more than three or four percent of Indians read English, the government did not regard that as a threat.

The overwhelming factors at that time (and they're still important) are the following. Number one, there is a greater suspicion of foreigners in India than in any other place that I know of. The British period, the East India Company, etched the deepest, most lasting impressions imaginable into Indian hearts and minds. The suspicion of foreigners is pervasive and often poisonous. It makes it very difficult to work there. In Latin America where it is also widespread, it was at its highest in Mexico. But I always thought it was limited to a relatively small circle of people. Throughout Latin America, no matter how anti-American government policies may have been, and even though the population at large always had a sort of love-hate relationship with the U.S., there was always respect, admiration and often envy for a lot of things we have achieved. In India, although there is a segment of people who have relatives here and so on, suspicion of foreigners and the condemnation of American "cultural imperialism" and its consumer society was far wider and deeply held. Many Indians liked to refer to the U.S. as a "society in decline," and sincerely believed it.

Aside from the communist countries, India was the only one that never allowed the Embassy to invite anyone from the public sector, and that meant virtually everyone of any importance in policy making, to participate in the International Visitor Program or accept Leader Grants as they were called, to visit the U.S. in a professional capacity. They insisted that any such grantees had to be chosen and designated exclusively by the Indian government, a provision which has always been unacceptable to us. They were so afraid of being brainwashed or "subverted by the CIA," they couldn't contemplate such a program even in the first few years after the collapse of the Soviet Union when I served there. As a result, we wasted countless grants on people of little importance, by that I mean without prospects of becoming leaders or occupying prominent positions (the purpose of the IV program) simply because they held no public position and were available to travel.

Number two, admittedly I was there at the very beginning of economic reforms, privatization, liberalization of trade and so on, but the opposition to these changes was wider, broader, and deeper than anywhere else. Even now that I'm teaching a course on the global economy at Georgetown and I do comparative studies with other countries including China, I still believe that to be true. Today I saw a story in "The Washington Post" in connection with President Clinton's visit to Brazil. It wasn't about Clinton. It just said that Brazil is very hesitant and afraid of this free trade that Bill Clinton is advocating, because it would mean going much faster toward opening up markets. Domestic companies were reportedly afraid that they would go under if this opening is too fast. Therefore, there was resistance. Nowhere is that more true than in India. There is resistance to that kind of economic liberalization and opening of trade almost everywhere where the formally protected industries are trying to slow things down because they're justifiably afraid they'll go under. But in India, the legacy of Mahatma Gandhi and his advocacy of self-reliance and swadeshi, the word they use to describe it, is still deeply ingrained. It has now been revived by the BJP, the Hindu nationalist party and the opposition to economic reforms and globalization is as widespread as ever.

Specifically, there is an enormous ideological opposition to bringing in foreign consumer goods and also to attracting foreign investment to certain key sectors. They feel that this will bring in Western values and undermine their culture. At the same time, the bureaucracy fears the loss of control this implies over a socialist economy it has ruled and regulated almost to death over the past fifty years. Obviously I am referring to official circles. I don't know of any place in the world where the consumers are opposed to having access to western goods. Ideological and cultural resistance to economic reforms at this level of intensity is not what drives resistance to change in most countries globalizing today. In the latter, it comes from the vested interests of old-line businesses fighting for survival and the bureaucrats who regulate and control the system of protectionism and a closed economy. Not in India. In India, the business considerations may be present but ideology continues to play the dominant role.

Another thing that is unique to India is the Hindu philosophy of life, which to the western mind is very hard to understand, almost unfathomable. It is extremely conservative and resistant to change, particularly to new and modernizing ideas from the outside. The faster the outside world moves, the faster change, innovation, and technology, all these things that are anathema to Asian religions and cultural values insinuate themselves from the outside, the more apprehension and fear it generates. If you add up these factors, you're talking about a place where extraordinary challenges face us in trying to reconcile our contrasting views on foreign policy and economic questions, before you even get to the intractable issues like Kashmir and nuclear policy.

Q: This time you were there saw the absolute disintegration of the Soviet Union into an empire that is gone. India has always used the Soviet Union as being its friend, as a counterweight to the United States. Did you sense in the people you dealt with there any disquiet on the fact that their friend to the north had disappeared?

DACHI: Oh, enormous disquiet. It was a big factor. I have a theory on that. When I first got there, it was just as the Soviet Union was disappearing. In my previous assignments overseas, when you had contact with Soviet diplomats, you had to report every meeting, every conversation to the Embassy security officer. The Soviets were always suspected (with good reason) of trying to recruit or subvert you. They were usually people who were very ill at ease if they unexpectedly met an American diplomat, were hard to reach, often uncommunicative, and so on. I showed up in India just as the Soviet Union was disappearing and, all of a sudden, these very same diplomats, now known as Russians rather than Soviets, morphed into the most friendly, "democratically oriented," capitalism espousing people, talking to us like we had been friends forever. It took them about 24 hours to change their spots. Yet they were the very same guys who a year before, and even two weeks before, were the heavy gumshoes.

I had served in Hungary for four years in the '70s and had extensive exposure to this kind of world. I always thought that most of the people over there claiming to be communists were in reality just opportunists and careerists. I always maintained that the number of convinced Marxist- Leninists in the communist world was very, very small. Not so in India. The people claiming to be Marxists or communists really believe in it. Most of the "true believers" weren't in Moscow or Beijing all along. They were in New Delhi, in government, in Indian universities and in the labor movement, and still are. The academics still believe in this stuff. There are still two sizable, fully functioning communist parties in India.

Why? My theory is not implausible. How did communism come to China? Mao Tse Tung imposed it ruthlessly by killing off everybody, mainly land owners, who was against it. How did communism come to Russia? Lenin and Stalin killed everybody that stood in their way. How did communism come to Eastern Europe? With the Red Army imposing it at the end of World War II, with puppets who spent the inter-war period being trained in Moscow and foisted on each country. So, communism in those countries was imposed by brute force on all these people. The kind of socialism that came to India, on the other hand, was not imposed by anybody. It was brought in by unquestioned intellectual leaders who were revered as the fathers of independent India, first and foremost, Jawaharlal Nehru and, to a great degree, Mahatma Gandhi. A similar phenomenon took place elsewhere in South Asia, like Bangladesh and Sri Lanka. Gandhi and Nehru were the fathers of an independent and democratic India, people who learned their Marxism in London, who were much more pure of heart than the likes oMao, Lenin and Stalin. They actually convinced people by their moral stature and their character. As a result, they made millions of genuine converts because they were credible people who never resorted to the kind of totalitarian steps that these others did. You can see the consequences today. India is virtually the only place in the world where there are still thousands and thousands of Marxist and communist true believers.

I remember visiting a university campus in Calcutta once. I couldn't believe my eyes. The walls were plastered with huge posters of Marx, Engels, Lenin and Stalin. Marx and Lenin, okay. But Engels and Stalin? It took me back to my days as a school boy in Romania in 1947 and 1948 when we had to go out marching in parades as "little red pioneers" carrying placards of those four. I haven't seen displays of Stalin posters anywhere in the world since the late 1950s.

To a certain extent all that is beginning to slowly erode now. In the last few years, the revisionist historians on Jawaharlal Nehru have multiplied rapidly. Jawaharlal Nehru is being viewed in much less favorable terms than he was at one time, and many of his philosophies on which independent India was founded in 1947 are now seen as having been misguided. Many of the old ideological premises which went unchallenged for nearly fifty years are no longer taboo. But the transformation in people's minds is not as fast as it had been in China and Russia.

Q: I have my own personal theory that the Fabian socialists, the brother and sister in England, had a much more pernicious impact on the Third World (Africa, India, and other places) than did Marx and Engels.

DACHI: There you have it. I agree with you completely. I left Romania in 1948 to emigrate to the West. I went to Canada and the United States and forgot all about Marx, Engels, Lenin and Stalin. It was not until I went to Calcutta in 1992 that I saw them again. I asked somebody, "How do you explain the Soviet Union's disappearance?" The answer I got was that there is nothing wrong with communism, it is still the best system. The reason the Soviet Union collapsed was that Gorbachev screwed it up and mismanaged it.

Q: Particularly as a public affairs officer, you're sort of the point man in dealing with the intellectuals. In some countries, intellectuals are important; in other places, they aren't. What about the intellectual class and your contact with them in India?

DACHI: I did have some contact with the intellectual class. I lay the emphasis on "some" because the maximum contact I've had with the intellectual class was in Hungary. In those days in Eastern Europe and the Soviet Union, intellectuals were really important. The intellectual class in Hungary, which was basically western-oriented, just reached out to me. They craved any contact with and access to western culture that they could get near. Again, there was an article either today or yesterday in "The Washington Post" about how former Soviet dissidents are at sea because they've lost their status. Indian intellectuals on the other hand, almost without exception looked down their noses at western culture and felt no need for contacts with a lowly U.S. Embassy officer to discuss it. After Hungary I went to Panama. There was no intellectual class there at all. There is damn little of it in Brazil. In India, there is an intellectual class, but most of their thinking is on a different planet and, as I was saying, most of them were not particularly interested in mingling with an American public affairs officer.

In Hungary, I used to have lunch with editors of journals who used to hang on my every word. I was one of the few sources who in their own language could talk to them about U.S. culture, life, politics and so on. They were dying to hear another version, even if they couldn't write about it. I don't know how many lunches I had with Indian editors. They didn't care what I said. They were there to tell me where I was wrong, where the U.S. was wrong, explaining to me things that they were sure I didn't understand about India. It was ships passing in the night. Most of them were nice, very civilized people. Several of them liked me because I had become a "likable chap" in my old age and I didn't seek confrontation in dialogue with them. On non-controversial issues, we could have a nice conversation. But in our position on these intractable issues like nuclear non-proliferation, Kashmir and above all "Western cultural imperialism," forget it. That's another pernicious thing about U.S.-India relations. They are so heavily dominated by these hopelessly intractable issues. That is why everybody on our side is so desperately looking for rapid growth in U.S. trade and investment, praying that it will go faster and better all the time, so as to finally give us something by way of a constructive, positive element in talking to the Indians.

In Hungary, I used to have wonderful conversations with journalists about all kinds of things. It didn't matter whether we agreed or not. They were very eager to hear what I had to say and I was eager to hear what they had to say. But in India, everything was so predictable. You could have just said, "Alright, these two people will have lunch. I'll tell you before they ever start exactly what each side is going to say, so you might as well not speak with your mouth full because there is no need to rush. No minds are ever going to be changed."

Q: By this time, had the first love worn off? We had had ambassador after ambassador going out there who sort of fell in love with India. We would always tout up India, particularly by some of our political ambassadors, yet when you get right down to it, nothing ever really came of this. The Indians seemed to be, oddly enough, as comfortable or more comfortable with the Soviets than with us.

DACHI: They were much more comfortable with the Soviets because they were ideologically much closer. And yes, the people who had love affairs with India had faded into the background by the time I got therThere were three ambassadors: Bill Clark, Tom Pickering, and Frank Wisner. They were all vigorous promoters of better relations and labored mightily on the intractable issues, but they had no illusions about India.

Q: All three professionals.

DACHI: Right. For my money, Bill Clark was the best of the three. That may not be what you would expect most people to say given the legendary reputations of Wisner and Pickering. But Bill Clark was very well liked by the Indians and he liked the Indians. Yet he never lost sight of U.S. interests or what he was there for. Although on a personal level he was very, very into the Indian thing in every respect, on the policy side, he was a good, hard-nosed, effective ambassador. I don't mean to say that the others weren't, but Bill Clark had it all in balance. Tom Pickering, I would say, as far as intellectual prowess is concerned, is light years ahead of everybody else. That, in a sense was a disadvantage in India.

We as Americans collectively have this problem that we believe that if you really understand a problem thoroughly, we must be able to find a solution to it. If I can bring you around to understanding my point of view, which is based on an objective, dispassionate analysis of the facts, you cannot possibly escape reaching the same conclusions I do. That is an American characteristic (I would say it is virtually embedded in our genetic code) that is particularly disliked in India, I suppose because they believe the same thing themselves. Because Tom Pickering is so brilliant, he was even more a victim of this. He believed that even though all the cogent analyses of the American point of view over the last 50 years didn't carry the day, he could argue them just a little bit more clearly and persuasively and, as a consequence, carry the day. He was there for a very short period of time, but he was relentless in the fundamental belief that if you were just rational and articulate enough in arguing your point of view, people could not escape coming to the same logical conclusion that you did. I don't know how long it would have taken him to get frustrated and disappointed, but he got a chance to leave before that moment arrived.

Frank Wisner, on the other hand, is a guy who believes that no one can resist his charms and that he would inevitably carry the day, not necessarily on the power of irresistible logic, but on his impeccable diplomatic finesse. I think he began to get frustrated after a while. I don't think he left India with the same idealistic vision that he arrived with. So, no one has an old-style love affair with India any more. The last two officers at the Embassy who had love affairs with India had left just before I got there.

Q: In a way, with the great democracy in the world, it was a prettsterile time there.

DACHI: Absolutely. We have always said that we are the world's two "greatest democracies." We were grasping for straws to find a way to give that some practical meaning, to say that we have something in common, some common interests, but the fact is that, if you look at the history of Indo-U.S. relations, it rarely worked out. The fundamental cornerstone of Jawaharlal Nehru's belief that India had to retain its option of an independent foreign policy and not automatically follow the U.S. lead resulted in his policy of non-alignment. That was dealt a crushing blow with the incredibly painful Indian experience of being invaded by China in 1962 and having to ask for help from the United States. That was very painful. After that, things were a little bit better for a brief period, but that too ended in 1971 when the U.S. sided with Pakistan in the Indo-Pak war that led to the independence of Bangladesh.

Then there was the period in which they had to get wheat from us under PL 480 because they were not self-sufficient in wheat. That was just as painful. Most other countries would have been delighted that we gave them such vital aid. To Indians, it was a humiliating experience too painful to ever recall. After Nehru died, Indira Gandhi came in and we had the war in Bangladesh. Even though the Green Revolution took place in about the same period and it was through our research that we were able to provide them this miracle wheat and miracle rice, the key factor in having made India self-sufficient in food, forget it. That didn't count. We tilted toward Pakistan in the case of Bangladesh and she could never forgive us. She signed the Treaty of Friendship with the Soviet Union that same year and started to introduce additional, rather radical socialist measures into the economy. So, things went down again on multiple fronts. Then we increased our cooperation again with Pakistan because of the Soviet invasion of Afghanistan and the resulting war. That bothered the Indians tremendously. So, there just haven't been many positives there. Rajiv Gandhi had a brief romance with Ronald Reagan, but that didn't last long either. Our relations were not so hot for a long time, really until the Soviet Union collapsed. Then Kashmir and non-proliferation have been this ongoing crisis, forever poisoning the well.

Now, we're laying our eggs in the trade and investment basket. Certainly much has happened in that field, although it has been much slower and more tortuous than what had been predicted. Without a doubt, it has been an important, positive factor. In the last few years they have also opened up their media. That became inevitable with the advent of satellites and email, making it impossible to control the electronic media. As a result, there is much more media freedom. The consumer society is giving rise to a growing middle class. So, things are moving now more so than I would have predicted when I left there. Things are on a much more positive note today.

Q: But as a practical matter, for a very long time, India was really not very important to us when the chips were down. It wasn't actively fighting us. It was preaching on the side and we would preach back at it. But it really wasn't very important.

DACHI: Absolutely true. We were on opposite sides on most foreign affairs issues, they were against us most of the time at the U.N., and we were always perceived as favoring Pakistan over India. (In Pakistan it was the other way around, hence the origin of the term "zero-sum game" perpetually applied to our relations in South Asia.) They condemned us for any aid we gave to Pakistan, especially on the military side and they never acknowledged any aid we gave them, not even the billions of dollars worth of PL-480 food aid we delivered before India became self-sufficient. And, they kept us at arms length on economic relations, trade and investment until their key ally, the Soviet Union collapsed, thus we never derived a strong mutual benefit from any sort of common undertaking. So, rather than being important to us more often than not they were a thorn in our side.

Again, if a one liner can symbolize that, my son, who at that time was the national security legislative assistant to Senator John Chaffee of Rhode Island, came to visit me while I was in India. He was invited as a speaker at several think tanks and other places because as a Senate aide, he was in great demand. He is very articulate and very bright. He gave some great talks and gave very much the congressional point of view, which goes to the point you made. They would ask him about Kashmir. He would get up in front of these high-powered think tanks and say, "Let's face it. To the population of the United States, Kashmir is a sweater." That got the point across more effectively than anything else. Congressional people can say anything they want. We can't.

By the way, the Indians love that kind of talk, or, at least it is the only kind that gets them to sit up and listen. I gave dozens of talks about economic reforms, U.S. policy, and so on. At first, I went in there in the usual way and tried to be helpful and explain. But there would always be people in the audience who had just been waiting for months or years to get a crack at a live U.S. diplomat. As soon as I was through, they would get up, take out their notes, and give speeches instead of questions. They never listened to a word I said. They would come back with all of these anti-American chestnuts they had been roasting over the fire for years. Most of these sessions quickly turned into a dialogue of the deaf. If you try and be too accommodating they just come in and eat you alive.

The way to get these Indian tormentors to sit down and listen is to be as aggressive as they are and come right back at them. Then all of a sudden, they say, "Oh, okay" and you may actually be able to have a conversation with them. I have had this happen after I learned the hard way. I went once and spoke at a Rotary club, which is generally made up of "friendlies." So, I decided to give my friendly speech, not the hard one about economic reforms. I got through the first question and a guy got up. I thought this was going to be a love fest, but the guy said, "Look, we all know that the U.S. interest is to maintain the military industrial complex. That is in the U.S. interest to do. So, how do you explain the contradiction between the outward devotion of the U.S. to reduction in arms, disarmament and peace when, in fact, you know that the U.S. interest is to keep the military industrial complex going?"

It occurred to me that most people would have tried to answer that question in a sort of apologetic way: "Look, that's not the way it is. Our defense budget has been significantly reduced. President Bush has called for reduction in arms. Even President Reagan has. We have had SALT treaties and so on. It's not so." I knew that none of that would work, so I didn't say it. I heard him out. When he got through, I said, "I'm glad to have your question because I came here for a dialogue, but don't you come and tell me what U.S. interests are. I am here to tell you what U.S. interests are. I am going to tell you that first. You can ask me questions about anything, but don't tell me what the U.S. interests are. You don't know what U.S. interests are. I am the one who is here to tell you that." He sat right down. Everybody said, "Wow!" After that, we had a wonderful conversation. But you have to come back at them the same way they come at you.

You said something earlier about both Indians and Americans thinking they have all the answers. I used that point on one occasion also. When somebody started preaching to me, I said, "You know, Indian and American people have one thing in common that is very, very important to keep in mind. We both think that we have all the answers to the world's problems and we're two of the most generous people on Earth in sharing our advice about it with everybody else around the world." I think the audience got the message.

Q: You left there in 1994. Did you retire at that point?

DACHI: No, I spent a year as a diplomat in residence at Georgetown at the School of Foreign Service. Then I went back to USIA. It turned out that at USIA's NEA the North Africa/Near East, and South Asia area office, both the area director and the deputy left all of a sudden. The area director took a buyout and disappeared overnight.

Q: A buyout is a way to get better retirement and leave right away.

DACHI: Right. His deputy totally unexpectedly was given the assignment of PAO in Cairo, which was a pretty nice job for him. He also left right away. The successor for the area director job, Kenton Keith, who had been ambassador in Qatar, wasn't due until September. I was finished at Georgetown in about May or June. I decided to postpone my retirement for a few months, and accept an offer to be acting director and acting deputy until Kenton Keith got there, he had a chance to choose a deputy and make a trip to the field to visit his posts. Kenton Keith is a guy that I have tremendous affection or respect for and I wanted to help out. That is what happened. Then I retired at the end of February, 1996. While in that position I had a few little interesting experiences.

Q: We can talk a minute about those interesting experiences.

DACHI: One had to do with what still today is an ongoing problem in the Sudan. At USIA, the Sudan still belonged to the NEA area office as opposed to the Department of State, where it was in the Africa Bureau. At one time or another, we had withdrawn and then sent back a PAO several times already. Sometimes we had an ambassador there, sometimes we didn't. One of our ambassadors was assassinated there some years earlier. When I came in, a new ambassador had just gone to Khartoum. We had had a PAO there for just a few months. When I got to NEA, we had all these serious budgetary constraints, that was a year when the worst cuts were being taken. So, people at USIA were saying, "Let's close the Sudan." I have always had this phobia of opening and closing posts every 18 months. So when they said, "Let's close the Sudan," I thought I would check things out with the Department. It turned out that the ambassador, Tim Carney, was very happy with our PAO there who among other things spoke excellent Arabic. He felt very strongly that the political situation was so tenuous there that the only dialogue you could really have was with intellectuals, journalists, and so on, and that you really needed a PAO there for that. So, the Department was adamant about retaining the post. I went and made a visit there to make the case, because in USIA they were just looking for ways to cut and the Sudan looked like an easy mark.

I found a very interesting situation in the sense that this PAO was a very extraordinary person, spoke the language well and had a multitude of contacts. She was very effective. Tim Carney was a very good officer and was determined to make progress in sorting out the myriad problems we had with the Sudan, about its support for terrorism and its human rights abuses against the Christian population in the country's south. He had also established a lot of dialogue.

During my visit, they had some dinners and meetings for me. One night, the ambassador had a dinner for government types. The next night, the DCM had a dinner for me with opposition types. At the Ambassador's dinner, I was talking with the director of one of the government controlled universities. The Sudanese guests seemed to be dismayed about how we were shunning them. The university director said an interesting thing to me. He said, "Look, you've got to understand one thing. Politically, we're now poles apart. Take our university, for instance. We're a government university. We would like to see a closer political relationship, but that is not in the cards right now. But, you have to understand that everybody in this country, regardless of where we stand on the politics of it, know that the United States is the most developed, the most advanced, and the most prosperous country in the world. I don't care who it is you're talking to. Everybody respects and admires Americans. Even though we can't have political relations, we feel that we should be able to have educational and cultural exchanges because everyone is eager to learn from the United States in spite of the momentary political barriers to improving that relationship."

I have heard that before in many communist countries. It's a very important thing that we always lose sight of in this country, that it is vitally important to maintain a dialogue with constructive elements, particularly in a country where we have difficult or tense relations with a hostile and repressive regime. At the dinner with the opposition types who were mostly academics, I was really struck by how well read and how literate and pro-Western these people were. This was very unlike what you would run into in a lot of African countries. It was more like in Egypt, very worldly, very high caliber intellectually.

Both the ambassador and the PAO were talking to me with great passion about trying to rebuild the Fulbright Program, flesh out the academic exchanges and have better relations with the media. We had just gotten a new residence for the PAO where she could hold her USIS programs and speakers without people having to go to the embassy, and we set up a lovely program facility there. I came back to Washington and wrote a memorandum and in essence saved the program. I didn't know it was going to be so short-lived. But for the moment at least, I succeeded in convincing the higher-ups at USIA that this was definitely important to our interests. Unfortunately, shortly after my return we ran into security problems and terrorist threats and next thing you know, the State Department decided to close the embassy once again. They withdrew all the Americans. That was another one of those things where everybody on the political side was saying that we should stay there. But the people in the intelligence and security agencies were strongly opposed to it and they won out.

Q: It's very hard when you're faced in Washington with something where they say, "The threat to American life is significant." You might have a little problem justifying it, but you've got a very big problem if an American gets killed.

DACHI: Right. Once you get the security people going, there is no turning back. So, we stationed Tim Carney in Nairobi, and he visited Khartoum frequently from there. We did the same with our PAO. But under those circumstances, the USIA program didn't survive.

Really the only other thing worth mentioning is that this was a period when we had to make drastic cuts in USIA budgets and personnel throughout NEA, as well as in all the other areas. Only the Middle East was untouchable. Since you can't reduce programs in Israel, Jordan, Egypt, Syria, and Saudi Arabia, the brunt of the cuts had to come in South Asia. Of course, India traditionally had a huge staff which, truth be told, could easily be cut. It would be hard to argue that you shouldn't cut it. We had always had a huge staff in India, commensurate not with reality but with our romantic fantasy about the importance of that country. Of course, you can lay off two hundred Foreign Service National USIS employees in India and save very little money, but nevertheless those cuts were made. You could argue that our interests in India have increased but still....Then we've got a country like Sri Lanka where you're really hard pressed to come up with a rationale for U.S. interests. You can cut back a lot there. Poor Bangladesh got caught in this vice also. That is one of the areas where, again, USIA had gone too far. So, I went out to Dacca. The ambassador and I worked out a compromise in which we preserved the viability of USIS/Dacca.

That was about it. Basically, I was just holding the fort for Kenton Keith. Just before I retired, they had an unexpected vacancy for PAO in Pakistan and Kenton wanted me to take that. But I decided when leaving India that I was retiring, so I did.

Q: You retired and basically have been involved in academic affairsince then.

DACHI: Yes. I teach a course at Georgetown. I have the South Asian Area Studies seminar here at FSI. I have a small international business consulting activity, mostly in Latin America and Central Europe. So, I'm fine. These things take up about 2/3 to 3/4 of my time, which means that I have about two to three months of leisure time. The rest of the time, I am engaged in some things that I enjoy very much and bring in a little bit of spending money.

Q: Well, I want to thank you very much. It's been fascinating.

End of interview